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LEGISLATIVE HISTORY

Public Law 1020 - 84th Congress

Chapter 1029 - 2nd Session

H. R. 11742

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## INDEX AND SUMMARY OF H. R. 11742

May 15, 1956	Senate Banking and Currency Committee reported S. 3855. Senate Report 2005. Print of bill and report. Remarks of author.
May 23, 1956	Senate made S. 3855 the unfinished business.
May 24, 1956	Senate passed S. 3855 with amendments.
June 13, 1956	Rep. Spence introduced H. R. 11742 which was referred to House Banking and Currency Committee. Print of bill.
June 14, 1956	Committee ordered reported H. R. 11742.
June 15, 1956	Committee reported without amendment H. R. 11742. House Report 2363. Print of bill and report.
June 29, 1956	Rules Committee ordered tabled H. R. 11742.
July 20, 1956	Rep. Widnall introduced H. R. 12328, which was referred to House Banking and Currency Committee. Print of bill.
July 21, 1956	Rules Committee reported resolution for consideration of H. R. 11742. H. Res. 618, House Report 2862. Rules Committee cleared H. R. 12328 for consideration.
July 25, 1956	House passed with amendment H. R. 11742. (Language of H. R. 12328) Senate passed with amendment H. R. 11742. Senate conferees appointed.
July 27, 1956	House conferees appointed. Both Houses received and agreed to conference report. House Report 2958.
August 7, 1956	Approved: Public Law 1020.



## DIGEST OF PUBLIC LAW 1020

HOUSING ACT OF 1956. Amends and extends various housing laws. Amends the Housing Act of 1949 so as to authorize the Secretary of Agriculture to issue notes and other obligations for purchase by the Secretary of Treasury for the purpose of making loans for constructing or improving farm dwellings and other farm buildings. Limits the total principal amount of such notes and obligations which may be issued during the 5 year period ending June 30, 1961 to \$450 million. Amends the U. S. Housing Act of 1937 so as to authorize the Public Housing Administration to transfer, under certain conditions, farm-labor camps to local public housing agencies.









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued May 16, 1956  
For actions of May 15, 1956  
84th-2nd, No. 79

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HIGHLIGHTS: House subcommittee ordered reported bill to permit certain cotton futures contracts. Majority Leader Johnson announced that farm bill will be taken up on Wed., and disposed of by Thurs., that conference report on second supplemental appropriation will be considered by Senate today; and that USDA appropriation bill should be reported next week. Senate committee reported bill to extend housing program. Rep. Metcalf criticized this Department's loan policies.

## SENATE

1. FARM PROGRAM. Majority Leader Johnson announced that H. R. 10875, the farm bill, will be taken up after completion of pending business on Wed., and it is hoped that action can be completed on the bill by Thurs. pp. 7296, 7309, D475  
Sen. Humphrey criticized the agricultural situation in the Midwest, and inserted a survey of a trade magazine among bankers indicating the effects of farmers' purchasing power on small town and city merchants. p. 7312  
Sen. Mundt submitted an amendment intended to be proposed to the farm bill. p. 7291
2. APPROPRIATIONS. Majority Leader Johnson announced that he expected the conference report on the second supplemental appropriation bill will be brought before the Senate for consideration today; and that the Appropriations Committee expects to report the USDA appropriation bill sometime next week. p. 7296
3. HOUSING; FARM LOANS. The Banking and Currency Committee reported S. 3855, extending the housing program, including an extension of the farm housing program for 5 years. (S. Rept. 2005). p. 7288

4. ELECTRIFICATION. Continued debate on S. 1823, to authorize the construction of works of improvement in the Niagara River for power and other purposes.
5. FOREIGN TRADE. Sen. Martin inserted a statement to the President by the non-governmental advisers to the U. S. delegation negotiating tariff agreements in Geneva, May 4, 1956, and a review by the U. S. Representative to the Economic and Social Council on the annual report of the International Monetary Fund for 1955. p. 7292
6. RECLAMATION. The Interior and Insular Affairs Committee ordered reported the following bills without amendment: p. D476  
S. 3101, to authorize the construction of the Crooked River Federal reclamation project in Oregon;  
H. R. 1779, to authorize the construction of the Wapinitia project in Oregon.

#### HOUSE

7. COTTON. The Cotton Subcommittee of the Agriculture Committee ordered reported to the full committee H. R. 9333, to amend the Commodity Exchange Act to give to certain consuming processors of cotton the privilege of buying cotton futures contracts in certain cases. p. D477

#### ITEMS IN APPENDIX

8. WHEAT. Sen. Langer inserted a newspaper article, "Revolt In The Wheatfields Is An Old Dakota Story", describing functions of the N. Dak. Non-Partisan League. p. A3915  
Sen. Langer inserted a newspaper article stating that George Brigner, Dunn County, N. Dak., farmer, was found innocent of a charge of using threats to rob Government officials of a grain marketing card in September 1954. p. A3917
9. FOREIGN TRADE. Rep. Kean inserted a statement made by members of the board of trustees of the U. S. Council of the International Chamber of Commerce urging approval of U. S. membership in the Organization for Trade Cooperation. p. A392
10. AGRICULTURAL APPROPRIATIONS. Speeches in the House, during debate on this Department's appropriation bill of Reps. Cramer, Donohue and Haley. pp. A3922, A3924, A3925
11. FHA; FARM LOANS. Extension of remarks of Rep. Metcalf stating that "I, too, have had reports which have been a source of concern. Valid complaints about the harshness of Farmers' Home Administration collection policies...". p. A3945
12. WILDLIFE. Rep. Johnson, Wis., inserted former Secretary of the Interior McKay's statement concerning his side of the controversy over the Department of the Interior order permitting oil and gas drilling on wildlife refuges. p. A3925  
Rep. Johnson, Wis., inserted a magazine article describing the House Merchant Marine and Fisheries Committee report on the Interior Department's oil and gas leasing order. p. A3927
13. TARIFFS. Rep. Kean inserted the statement made to the President by the nongovernmental advisers to the U. S. delegation negotiating tariff agreements in Geneva. p. A3930



# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued May 18, 1956  
For actions of May 17, 1956  
84th-2nd, No. 81

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**HIGHLIGHTS:** Both Houses agreed to conference report on sugar bill. Ready for President. Senate debated farm bill. Senate committee reported fisheries stabilization bill. Sen. Stennis described and commended USDA research program. House committee reported bill to alter dates for proclamation of tobacco quotas. House committee reported bill to further define dry milk solids. House Rules Committee cleared bill to merge PCA's and intermediate credit banks.

## SENATE

- SUGAR.** Both Houses agreed to the conference report on H. R. 7030, to amend and extend the Sugar Act of 1948. pp. 7508, 7529 This bill will now be sent to the President.
- FARM PROGRAM.** Began debate on H. R. 10875, the farm bill. pp. 7480, 7487, 7492, 7497, 7499, 7501, 7510, 7520  
Agreed to all committee amendments, but only for the purpose of enabling the bill, as so amended, to be considered as original text for the purpose of amendment (p. 7492). Agreed to limit debate to 1 hour on each amendment, beginning today, and to limit debate on the bill itself to 2 hours (p. 7491). Sen. Aiken inserted a letter from the Secretary in response to a request for information on the possibility of getting a soil bank into operation on the 1956 crops (p. 7501). Sen. Daniel presented and discussed an amendment (on behalf of himself and others) to restore the House language on feed grains with a modification (p. 7520). Sens. Williams, Young, Martin of Pa., Anderson, Daniel, and Barrett submitted amendments which they intend to propose to the bill (p. 7480).
- FISHERIES.** The Committee on Interstate and Foreign Commerce reported with amendments S. 3275, which establishes a separate Fisheries Division of the Interior Department (outside of Fish and Wildlife Service) and a policy-making Fisheries Commission, transfers to the Fisheries Division all functions of the Secretary of Agriculture and others relating to the development, advancement, management, conservation, and protection of fisheries, and authorizes appropriations to

carry out the bill. Sen. Magnuson discussed the bill and inserted its text and a list of organizations supporting it. p. 7472

4. RESEARCH; APPROPRIATIONS. Sen. Stennis commended the Department's research program and recent increases in appropriations for this purpose, stated that these appropriations are small compared with funds for military research, and described various agricultural research accomplishments. p. 7516
  5. ELECTRIFICATION; WATER DEVELOPMENT. Sen. Neuberger inserted articles by Peter Inglis favoring joint development of Columbia River resources, for power and other purposes, by the U. S. and Canada. p. 7484
  6. ROADS; FORESTRY. Sen. Neuberger inserted and commended testimony by the National Lumber Manufacturers Association favoring exemption from gasoline tax of trucks traveling on private roads. p. 7499
  7. HOUSING. As reported (see Digest 79), S. 3855, the omnibus housing bill, includes provisions as follows: Sec. 605 amends Title V of the Housing Act of 1949 to authorize, for a 5-year period beginning July 1, 1956, and ending June 30, 1961, (1) \$450 million for farm housing loans through this Department, (2) \$10 million for contributions by this Department to prevent defaults in payments of loans for potentially adequate farms, and (3) \$50 million for grants and loans for improvement and repair of certain farms. Sec. 502 directs the Public Housing Authority, upon request, to transfer farm-labor camps to local public housing agencies, without compensation, with first preference as to use being given to low-income farm workers. Sec. 602 directs the Housing Administrator to conduct a research program covering the supply and demand factors affecting the housing market, mortgage market problems, the need for low-income housing, etc. Sec. 604 provides for a Commission on National Housing Policy, to make recommendations, by June 30, 1957, relating to housing needs, discounting of Government-supported mortgages, the prospects of new sources of investment funds etc.
  8. ROADS; FORESTRY. As reported (see Digest 77), H. R. 10660 authorizes \$24 million for each of the fiscal years 1958-61 for forest development roads and trails (House version authorizes \$27 million for each of the fiscal years 1958-59), and authorizes \$22.5 million annually for each of the fiscal years 1958-61 for forest highways (House version authorizes \$25 million for each of the fiscal years 1958-59).
  9. PERSONNEL. This Office has received from the Joint Committee on Atomic Energy one copy of a committee print, "Engineering and Scientific Manpower in the United States, Western Europe, and Soviet Russia." This is a statistical report on the numbers of trained engineers and natural scientists and the status of training for this type of profession. Copies of the report will not be available from this Office, but may be purchased from the Superintendent of Documents, GPO, for 25 cents a copy.
- HOUSE
10. TOBACCO. The Agriculture Committee reported with amendment H. R. 9475, to alter the date of proclamation of marketing quotas for flue-cured and other types of tobacco (H. Rept. 2180). p. 7579
  11. MILK. The Interstate and Foreign Commerce Committee reported with amendment H. R. 5257, to further define nonfat dry milk solids for purposes of the Federal Food, Drug, and Cosmetic Act (H. Rept. 2176). p. 7579





# Congressional Record

United States  
of America

PROCEEDINGS AND DEBATES OF THE 84<sup>th</sup> CONGRESS, SECOND SESSION

Vol. 102

WASHINGTON, TUESDAY, MAY 15, 1956

No. 79

## Senate

(Legislative day of Monday, May 7, 1956)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The VICE PRESIDENT. In the absence of the Chaplain, the Members of the Senate will repeat the Lord's Prayer.

Thereupon Senators, led by the Vice President, repeated the Lord's Prayer, as follows:

*Our Father, which art in heaven, hallowed be Thy name. Thy kingdom come. Thy will be done on earth, as it is in heaven. Give us this day our daily bread. And forgive us our debts, as we forgive our debtors. And lead us not into temptation, but deliver us from evil: For thine is the kingdom, and the power, and the glory, forever.*

Amen.

### THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Monday, May 14, 1956, was dispensed with.

### MESSAGE FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On May 10, 1956:

S. 31. An act for the relief of certain aliens;  
S. 83. An act to waive certain provisions of section 212 (a) of the Immigration and Nationality Act in behalf of three aliens;

S. 1255. An act for the relief of Brigitta Poberetski and Nickolas Menis; and

S. 1905. An act for the relief of Winston Bros. Co. and the Utah Construction Co. and the J. A. Terteling & Sons, Inc.

On May 14, 1956:

S. 637. An act to provide for the conveyance of Camp Livingston, Camp Beauregard, and Esler Field, Louisiana, to the State of Louisiana, and for other purposes; and

S. 2267. An act to direct the Secretary of the Interior to convey certain public lands in the State of Nevada to the city of Henderson, Nev.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its

clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 6782. An act to amend section 7 of "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended;

H. R. 7804. An act to provide that the Uniform Simultaneous Death Act shall apply in the District of Columbia;

H. R. 10375. An act to amend the act entitled "An act to provide recognition for meritorious service by members of the Police and Fire Departments of the District of Columbia," approved March 4, 1929;

H. R. 10768. An act to amend section 5 of the act of August 7, 1946, entitled "An act for the retirement of public school teachers in the District of Columbia," as amended; and

H. R. 11177. An act making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1957, and for other purposes.

### HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H. R. 6782. An act to amend section 7 of "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended;

H. R. 7804. An act to provide that the Uniform Simultaneous Death Act shall apply in the District of Columbia;

H. R. 10375. An act to amend the act entitled "An act to provide recognition for meritorious service by members of the Police and Fire Departments of the District of Columbia," approved March 4, 1929; and

H. R. 10768. An act to amend section 5 of the act of August 7, 1946, entitled "An act for the retirement of public school teachers in the District of Columbia," as amended; to the Committee on the District of Columbia.

H. R. 11177. An act making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1957, and for other purposes; to the Committee on Appropriations.

### COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Juvenile

Delinquency Subcommittee, the Internal Security Subcommittee of the Committee on the Judiciary and the Committee on Interstate and Foreign Commerce were authorized to meet today during the session of the Senate.

### ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there may be the usual morning hour, with a limitation on statements of 2 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

### EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business, and act on the nominations on the Executive Calendar under the heading "New Report."

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

### EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting several nominations, and withdrawing the nomination of George T. Anderson to be postmaster at Mayville, Mich, which nominating messages were referred to the Committee on Foreign Relations.

(For nominations this day received, see the end of Senate proceedings.)

The VICE PRESIDENT. If there be no reports of committees, the clerk will state the nominations on the Executive Calendar under the heading "New Report."

### POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the nominations of postmasters be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be consid-



ered en bloc, and, without objection, they are confirmed.

Mr. JOHNSON of Texas. Mr. President, I ask that the President be notified immediately of the nominations today confirmed.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

### LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

### AMENDMENT OF SECTION 104, TITLE 4, UNITED STATES CODE

The VICE PRESIDENT laid before the Senate a letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to amend section 104, title 4, United States Code, which, with the accompanying paper, was referred to the Committee on Interior and Insular Affairs.

### PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A letter, in the nature of a petition, from Charles M. Baxter, of Seattle, Wash., relating to reciprocal trade agreements, and so forth; to the Committee on Finance.

A letter, in the nature of a memorial, from the American Tariff League, Inc., New York, N. Y., signed by Richard H. Anthony, executive secretary, transmitting a list of sundry officials of companies and agricultural groups, as well as labor unions and employees, who signed memorials remonstrating against the enactment of the bill (H. R. 5550) to amend the Tariff Act of 1930 with respect to the administration of the General Agreement on Tariffs and Trade; to the Committee on Finance.

### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURRAY, from the Committee on Interior and Insular Affairs, without amendment:

H. R. 4604. A bill relating to the issuance of certain patents in fee to lands within the Blackfeet Indian Reservation, Mont. (Rept. No. 1999).

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, without amendment:

H. R. 6990. A bill to provide for the conveyance of certain lands by the United States to the Board of National Missions of the Presbyterian Church in the United States of America (Rept. No. 2000).

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, without amendment:

S. 3547. A bill to amend section 1 of the act of August 9, 1955 (69 Stat. 555), authorizing the sale of certain land by the Pueblos of San Lorenzo and Pojoaque (Rept. No. 2003);

H. R. 6374. A bill to repeal legislation relating to the Gallup-Durango Highway and the Gallup-Window Rock Highway at the Navaho Indian Reservation (Rept. No. 2001); and

H. R. 9207. A bill to authorize the Secretary of the Interior to contract with the Middle Rio Grande Conservancy District of New-Mexico for the payment of operation and maintenance charges on certain Pueblo Indian lands (Rept. No. 2002).

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, with amendments:

S. 1907. A bill to provide that the United States hold in trust for the Pueblos of Zia and Jemez a part of the Ojo del Espiritu Santo Grant and a small area of public domain adjacent thereto (Rept. No. 2004).

By Mr. SPARKMAN, from the Committee on Banking and Currency, without amendment:

H. R. 7540. A bill to provide for the sale of a Government-owned housing project to the city of Hooks, Tex. (Rept. No. 2006).

### HOUSING AMENDMENTS OF 1956

Mr. SPARKMAN. Mr. President, from the Committee on Banking and Currency, I report favorably an original bill to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes, and I submit a report (No. 2005) thereon. I ask unanimous consent that a statement prepared by me relating to the bill may be printed in the RECORD.

The VICE PRESIDENT. The report will be received and the bill will be placed on the calendar; and, without objection, the statement will be printed in the RECORD.

The bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes, reported by Mr. SPARKMAN, from the Committee on Banking and Currency, was received, read twice by its title, and placed on the calendar.

The statement, presented by Mr. SPARKMAN, is as follows:

#### STATEMENT BY SENATOR SPARKMAN

These are the main features of the bill (S. 3855):

A new program of Federal Housing Administration insurance would provide liberal mortgage terms for elderly persons housing. Elderly persons 60 years of age or over would qualify for the new program. The bill provides for 40-year mortgages on both sales housing and rental housing.

On sales housing, mortgage insurance could be up to 100 percent of value. The only cash payment would be \$200 at the time of purchase, which would cover closing costs, insurance, and similar expenses. Mortgage insurance on rental housing would be available to both private builders and to nonprofit organizations. An insured mortgage would be up to 100 percent of value if the sponsor is a

public or private nonprofit organization or a public body such as a local community.

An important feature of the new program is a provision that permits third parties to make the required downpayment on sales housing, contribute toward rental payments, or assist in meeting equity requirements. A \$50 million revolving fund is created in Fanny Mae to assist in financing the new program.

In addition to a new private housing program for elderly persons, the bill authorizes 15,000 low rent public housing units for elderly persons for each of 5 years beginning July 1, 1956. These would be specially designed units for elderly persons aged 65 or over.

The committee, by a 10-to-5 vote, restored the public housing program started under the Housing Act of 1949. This means a program of 135,000 units of public housing a year for at least 3 years, with authority for the President to raise this number to 200,000 or lower it to 50,000, depending upon economic conditions. The administration had asked for 35,000 units a year for 2 years. Senator SPARKMAN has said that the administration's request would fall short even of meeting the minimum needed to house low-income families displaced by Government action in urban-renewal areas. The administration itself has estimated the public housing needs of displaced families at approximately 130,000 units over a 3-year period.

Under a provision proposed by Senator DOUGLAS, of Illinois, the bill would authorize payments of up to \$100 to individuals or families, and up to \$2,000 to business concerns, to reimburse them for the expense of relocation or business losses if forced out of their existing premises by slum clearance and urban-renewal activities.

The FHA program of insurance for home repair and modernization loans would be extended. The maximum loan amount would be increased to \$3,500 from the present limit of \$2,500 and the maturity could run to 5 years instead of 3. The committee also added a provision setting a ceiling on the interest rate at \$5 discount on the first \$2,500, and \$4 discount on the portion of the loan over \$2,500.

An expanded military housing program would increase the authorization from the present level of \$1.4 billion to \$3 billion and extend the program for 3 years. A provision was also included to protect existing military housing projects at installations where the Department of Defense is planning to build new housing projects.

A number of amendments are included to stimulate slum clearance and urban renewal. The committee report also urges the administration to accelerate its activity in the slum-clearance and urban-renewal field.

The farm housing program is renewed and extended for a 5-year period.

Liberalizing amendments are also included to assist the cooperative housing program and the program for families displaced by slum clearance and urban renewal.

The committee increased the revolving fund for college housing loans from \$500 million to \$750 million and rejected an administration proposal to increase the interest rate for college housing loans.

A Commission on National Housing Policy would be established to make recommendations, by June 30, 1957, on the housing needs of the Nation; the discounting of Government-supported mortgages; the prospect for developing new sources of investment funds; the extent to which the resources of Fanny Mae can be used to stabilize the mortgage market; and ways and means of increasing the supply of adequate housing for families of moderate income. The Commission would consist of 11 members—5 officials from the executive branch and 6 persons to be appointed by the President from private life.



A \$2.5 million research program is authorized to study various aspects of the housing market. The Housing Administrator could enter into research contracts with agencies of State or local governments, educational institutions, and other nonprofit organizations.

The Administrator is also authorized to spend \$500,000 annually for a 3-year period to provide scholarships and fellowships at the graduate level to train planning officials in the housing field.

### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. RUSSELL (for himself and Mr. SALTONSTALL) (by request):

S. 3851. A bill to amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes; to the Committee on Armed Services.

(See the remarks of Mr. RUSSELL when he introduced the above bill, which appear under a separate heading.)

By Mr. MUNDT:

S. 3852. A bill to provide for the conveyance of certain land to the city of Spearfish, S. Dak.; to the Committee on Interior and Insular Affairs.

S. 3853. A bill to amend title VI of the Public Health Service Act, as amended, in order to make certain nonprofit corporations and associations eligible for Federal aid under such title; to the Committee on Labor and Public Welfare.

By Mr. CARLSON:

S. 3854. A bill for the relief of Elizabeth Schueren and her two minor children; to the Committee on the Judiciary.

By Mr. SPARKMAN:

S. 3855. A bill to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes; placed on the calendar.

(See the remarks of Mr. SPARKMAN when he reported the above bill, from the Committee on Banking and Currency, which appear under a separate heading.)

By Mr. MARTIN of Pennsylvania:

S. 3856. A bill to provide for the income tax treatment of indebtedness discharged more than 20 years after the date on which it was incurred; to the Committee on Finance.

By Mr. MAGNUSON (by request):

S. 3857. A bill to clarify section 1103 (d) of title XI (Federal Ship Mortgage Insurance) of the Merchant Marine Act, 1936, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. ROBERTSON:

S. 3858. A bill to amend the act of June 28, 1935, authorizing participation by the United States in the Interparliamentary Union; to the Committee on Foreign Relations.

By Mr. IVES:

S. J. Res. 172. Joint resolution providing for participation by the United States in the ceremonies celebrating the 300th anniversary of the signing of the Flushing Remonstrance; to the Committee on the Judiciary.

### AMENDMENT OF CENTRAL INTELLIGENCE AGENCY ACT OF 1949

Mr. RUSSELL. Mr. President, by request, on behalf of myself and the Senator from Massachusetts [Mr. SALTONSTALL], I introduce, for appropriate ref-

erence, a bill which is requested by the Central Intelligence Agency and is accompanied by a letter of transmittal explaining the purpose of the bill. I ask unanimous consent that the letter of transmittal be printed in the RECORD immediately following the listing of the bill.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the letter of transmittal will be printed in the RECORD.

The bill (S. 3851) to amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes, introduced by Mr. RUSSELL (for himself and Mr. SALTONSTALL) (by request), was received, read twice by its title, and referred to the Committee on Armed Services.

The letter accompanying Senate bill 3851 is as follows:

CENTRAL INTELLIGENCE AGENCY,  
Washington, D. C., April 13, 1956.

Hon. RICHARD M. NIXON,  
President of the Senate,  
Washington, D. C.

DEAR MR. VICE PRESIDENT: There is forwarded herewith a draft of legislation to amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes, together with a sectional analysis of that legislation.

The Bureau of the Budget has advised that it has no objection to the submission of this proposed legislation to the Congress, and the Central Intelligence Agency recommends its enactment.

The purposes of this legislation are to provide for a limited amount of additional flexibility in the procurement operations of this Agency, to provide certain benefits to CIA employees serving abroad and their families, and to make certain technical changes in the existing law.

Section 1 of the proposed legislation contains three amendments to the Central Intelligence Agency Act of 1949, relating to procurement authorities. The first of these is designed to provide this Agency with authority identical to that of the armed services as to the circumstances under which purchases and contracts may be made without advertising. Although the volume of CIA purchases and contracts is negligible compared to that of the armed services, we are confronted in general with all of the typical situations with which the services are faced in this field. A second proposed amendment provides that Agency contracts in the research and development field may extend over an initial term of not to exceed 5 years, with a possible extension of an additional 5-year maximum period if funds are available therefor. I have described to committees of the Congress with jurisdiction over CIA matters certain types of special projects of a unique and important nature which this Agency undertakes from time to time in the research and development field. In order to provide necessary lead time in these projects we feel we need the authority to contract over a period of years in a manner substantially similar to authorities and procedures governing contracts by the military services in similar fields. The third and last amendment in the procurement field is technical in nature, and simply involves a redefinition of the term "head of the Agency" which conforms to the present organizational structure of the Agency.

Section 2 of this proposed bill is intended to provide a variety of benefits which will bring CIA employees and their dependents into a status comparable to that of employees and their dependents in other agencies which conduct substantial operations in the foreign field. The group of American

employees serving overseas which most nearly correspond to those of CIA in terms of living conditions, medical problems, etc., are those in the Foreign Service, and for that reason the great majority of the proposed amendments are identical with authorities which are now in existence or have been proposed as amendments to the Foreign Service Act of 1946, as amended.

The attached sectional analysis contains a detailed description of the objects and purposes of each of these amendments, which deal with such matters as home leave, travel, storage, transportation, and medical care for dependents. I would simply like to add, in forwarding this proposed legislation to the Congress, that I regard the benefits proposed under this section as matters of the highest importance in maintaining the morale and effectiveness of the Central Intelligence Agency in carrying out its vital functions. The employees of this Agency, particularly those serving abroad, are not eligible for tangible benefits and awards available to other Government employees, such as appointments to high diplomatic posts, public decorations for services well performed, and so forth. They are in this exacting and at times hazardous business because they are interested in it and feel that what they are doing is of some importance to the security of the United States. These amendments are designed to help encourage the concept of a worthwhile career in the foreign intelligence field, and I am convinced that they will be of immeasurable benefit to this Agency and to the Government as a whole. As the Congress will observe, we are not requesting benefits or privileges over and beyond those now enjoyed or being requested by other agencies of the Government with important responsibilities in the foreign field. To have to operate without these benefits, however, could seriously affect the overall effectiveness of the Agency in the longer run.

Section 3 of the proposed legislation increases from 15 to 35 the maximum number of retired military officers which may be employed by this agency at any one time. This proposal is consistent with a recommendation by the Clark task force of the Hoover Commission, and is considered desirable. Although the agency has been able to adhere to the previous limit of 15 retired officers without a serious loss of efficiency, we feel that there have been cases where more qualified individuals for certain posts could have been obtained from the ranks of retired military officers had the authority been available.

Section 4 of the proposed legislation is designed to permit advance payments for such items as rent, where such payments are in accordance with the laws or customs of certain foreign countries, and the inability to provide them works a hardship on the individuals concerned. This proposed exemption from the operation of section 3648 of the Revised Statutes (31 U. S. C. 529) will place CIA overseas personnel on a similar footing with personnel of the Armed Forces and of the Foreign Service.

Section 5 of the proposed legislation is purely technical, and is intended to correct a typographical error in the original Central Intelligence Agency Act of 1949.

The net incremental cost to the agency resulting from this proposed legislation is estimated to be in the neighborhood of \$80,000 annually. It is contemplated that these costs can be readily absorbed within our normal operating budget.

It is respectfully urged that the Congress act favorably on this proposed legislation during the present session.

Sincerely,

ALLEN W. DULLES,  
Director.



# AMENDMENT OF FEDERAL-AID ROAD ACT—AMENDMENTS

Mr. FULBRIGHT. Mr. President, on behalf of myself and Senators SPARKMAN, CAPEHART, HUMPHREY, KENNEDY, BEALL, DUFF, MORSE, SMATHERS, LEHMAN, DOUGLAS, WILEY, and SMITH of New Jersey, I submit amendments, intended to be proposed by us, to the bill (H. R. 10660) to amend and supplement the Federal-Aid Road Act approved July 11, 1916, to authorize appropriations for continuing the construction of highways; to amend the Internal Revenue Code of 1954 to provide additional revenue from the taxes on motor fuel, tires, and trucks and buses; and for other purposes. These amendments are patterned after the bill (S. 3129) to establish corporate income-tax rates of 22 percent normal tax and 31 percent surtax, which proposes tax relief for small businesses.

I introduced S. 3129 on February 3, 1956, and on March 15, 1956, I offered it as an amendment to H. R. 9166, the bill which extended existing corporate tax rates. Subsequently, on March 21, 1956, I testified before the Senate Finance Committee in behalf of this amendment. For the information of the Senate, exhibit A to this statement contains a brief summary of the need for and the effects of this amendment.

In view of the urgency for extension of certain excise taxes contained in H. R. 9166, I was advised by the chairman of the Finance Committee that the committee would be unable to hear witnesses for or against my amendment, and that such hearings could be held at a later date if the amendment were offered to another revenue measure.

On April 11, 1956, and May 4, 1956, I wrote the chairman of the Finance Committee urging him to schedule these hearings. On May 8 the chairman wrote me that he would present my request to the committee, and I am still hopeful that hearings will be held. On May 11, 1956, I replied to the chairman of the Finance Committee and stated my intention to offer an amendment to H. R. 10660.

Mr. President, I will not burden the RECORD by repeating the statements I have previously made on this subject. This by no means indicates a change in attitude or determination to obtain consideration of my proposal. Since the last time I spoke on this subject, however, certain factors regarding the condition of small businesses in this country have come to my attention, and I believe that these factors strengthen the argument for small business tax relief.

First, there is the factor of business failures. These are the statistics on business failures for the last 6 years—the President's Economic Report of January 24, 1956, page 231:

1949	9,246
1950	9,162
1951	8,058
1952	7,611
1953	8,862
1954	11,086
1955	10,969

The number of business failures was dropping steadily from 1949 through

1952—the number in 1952 being almost 18 percent lower than in 1949. Beginning in 1953 the number of failures began to rise, and by 1955 failures were over 44 percent higher than in 1952. In no year since 1941 have there been more business failures than there were in 1954 and 1955—and it is common knowledge that these statistics relate almost exclusively to failures of small businesses.

The second factor which should be of grave concern to the Senate is the reduction in the rate of increase of operating businesses. Page 231 of the President's Economic Report of January 24, 1956, contains the following data:

Year:	Net increase of operating businesses
1949	52,000
1950	50,000
1951	58,000
1952	59,000
1953	26,000
1954	-4,000
1955	( <sup>1</sup> )

<sup>1</sup> Not available.

Although final figures for 1955 are not available, it appears that the increase in business firms for 1955 will be no higher than the increase in 1953. These statistics show that the average increase in the number of operating businesses for the 4-year period for 1949 through 1952 was approximately 55,000. In 1953 this steady increase declined over 50 percent, and in 1954 there was an actual net reduction in the number of operating businesses of 4,000. In fact, 1954 is the only year since 1943 in which there has been a reduction in the number of operating businesses in this country.

A third indicator of the need for small business tax relief is shown by the following statistics on the earnings, after taxes, of manufacturing corporations:

## United States manufacturing corporations earnings (after taxes) by asset size

[Index: 1947-49=100]

Year <sup>1</sup>	Index of earnings		Disparity in favor of large concerns	Average disparity
	Assets under \$1 million	Assets over \$1 million		
1947	98	143	45	22
1948	103	112	19	
1949	55	90	35	
1950	122	130	8	
1951	96	106	10	
4th quarter 1952	86	103	17	58
4th quarter 1953	49	103	54	
4th quarter 1954	59	119	60	
1st quarter 1955	68	127	59	

<sup>1</sup> Annually 1947-51.

The computation of disparity in favor of large concerns is made for the purpose of comparison. Using 1947 to 1949 as an index of 100, the earnings index of large concerns averaged 22 points higher than the index for small firms throughout the period of 1947 to 1952. In the years 1953, 1954, and 1955, however, this average disparity has risen to 58 index points. In other words the relative disadvantage in earnings of small manufacturing corporations has almost tripled in the last 3 years.

A fourth factor pertinent to the consideration of tax relief for small business

is shown by the following table of earnings, after taxes, on stockholders' equity:

## United States manufacturing corporations—Earnings (after taxes) on stockholders' equity by asset size

[Expressed in percentage]

Annual rate for year	Index of earnings on equity		Disparity in favor of large concerns	Average disparity
	Assets under \$1 million	Assets over \$1 million		
1947	16.3	15.5	-0.8	2.8
1948	12.6	16.3	3.7	
1949	7.0	10.6	3.6	
1950	12.5	15.7	3.2	
1951	9.0	12.6	3.6	
1952	7.9	10.6	2.7	4.7
1953	7.1	10.8	3.7	
1954	5.4	10.3	4.9	
1955	6.9	12.3	5.4	

This table shows that the percentage of earnings on stockholders' equity has declined 1 percent for small businesses from 1952 to 1955, but that the percentage for large businesses has increased 1.7 percent during the same period. Furthermore, throughout the period 1947 to 1952 large firms returned to stockholders an average of only 2.8 percent more than did small firms. But in the last 3 years, 1952-55, earnings on equity for large corporations have averaged 4.7 percent higher than the earnings on equity of smaller corporations. The position of the owners of small businesses has declined steadily since 1952.

A final factor to indicate the deteriorating position of small business in recent years is in the record of net sales of manufacturing corporations. This record is shown by the following table:

## United States manufacturing corporations net sales by asset size

[Index—1947-49=100]

Year <sup>1</sup>	Index of net sales		Disparity in favor of large concerns	Average disparity
	Assets under \$1 million	Assets over \$1 million		
1947	94	100	6	15
1948	105	107	2	
1949	97	100	3	
1950	104	120	16	
1951	115	140	25	
4th quarter, 1952	115	150	35	49
4th quarter, 1953	97	146	49	
4th quarter, 1954	103	150	47	
3d quarter, 1955	108	158	50	

<sup>1</sup> Annually, 1947-51.

The increase in net sales for small firms has lagged far behind the net sales of larger corporations. Using 1947 to 1949 as an index of 100, the net sales index of large manufacturing corporations averaged only 15 points higher than the index for smaller corporations throughout the period 1947 to 1952. This disparity in favor of large businesses rose rapidly in 1953 and for the last 3 years the net sales index for big corporations has averaged 49 points higher than the index for smaller firms. This trend to sales dominance by big businesses is consistent with increases in earnings and return on investment which have also characterized business activity since 1953.

I hope that it will be possible for the proponents and opponents of my amend-



84TH CONGRESS }  
2d Session }

SENATE

{REPORT  
{No. 2005

# HOUSING AMENDMENTS OF 1956

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## REPORT

OF THE

## COMMITTEE ON BANKING AND CURRENCY

TO ACCOMPANY

S. 3855



MAY 15 (legislative day MAY 7), 1956.—Ordered to be printed

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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1956

71006

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## HOUSING AMENDMENTS OF 1956

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MAY 15 (legislative day MAY 7), 1956.—Ordered to be printed

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Mr. SPARKMAN, from the Committee on Banking and Currency, submitted the following

## R E P O R T

[To accompany S. 3855]

The Committee on Banking and Currency having considered the same, report favorably a committee bill (S. ) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes, and recommend that the bill do pass.

## INTRODUCTION

The Committee on Banking and Currency has held hearings on, and considered in executive session, the following bills: S. 1536, S. 2565, S. 2640, S. 2736, S. 2762, S. 2790, S. 2848, S. 3057, S. 3158, S. 3186, S. 3190, S. 3296, S. 3302, S. 3309, and S. 3346. From these bills, and from amendments and suggestions received by the committee, an original bill was drafted by the committee and is reported for consideration of the Senate.

This is a comprehensive bill designed to increase and improve the housing supply for all segments of the population and for all parts of the Nation. The committee devoted a major portion of its time to the consideration of provisions to improve housing conditions for low- and middle-income families and for our elderly citizens. Among the major provisions of this bill dealing with these two problems are:

(1) A new mortgage-insurance program for the Federal Housing Administration to aid in the construction of privately financed homes for elderly families;

(2) Modifications of the FHA home-improvement program to help in the modernization and rehabilitation of millions of existing homes;

(3) Improvements in the FHA cooperative-housing program and the FHA insurance program to provide homes for persons



displaced by slum clearance and urban renewal, and the farm-housing program administered by the Department of Agriculture, all of which should alleviate the critical housing need of low- and middle-income families on the farms and in the cities; and

(4) A substantial increase in the low-rent public-housing program to permit construction of the 810,000 units contemplated by the Housing Act of 1949, which program has only partially been achieved to date.

Other major components of this bill increase the general mortgage insurance authorization and the military housing mortgage insurance authorization of FHA, provide additional funds for college-housing loans, reestablish a housing-research function within the Housing and Home Finance Agency, and create a Commission on National Housing Policy to study ways and means for encouraging capital investment to support a level of residential construction sufficient to meet the needs of a growing population and an expanding economy.

## TITLE I—FHA INSURANCE PROGRAMS

### PROPERTY IMPROVEMENT LOANS

It has been estimated that new housing constructed in any 1 year represents only 2 percent of the Nation's total housing inventory. Contrasted with this is the fact that there are over 25 million homes that are old and in need of repair and improvement. These are not necessarily slum houses that should be torn down but are homes which with modest investment could retain their usefulness for many years. In addition to the comfort which modernization and repair of these older houses can give to their occupants, home improvement work is a significant part of the Nation's economy. The economic significance of home improvement is illustrated by an estimated potential of \$8 billion to \$12 billion annually over and above the current volume.

The FHA insurance program plays an important part in this need to repair and modernize existing homes. Without this FHA insurance, thousands of families would be unable to obtain repair loans or would have to pay much higher rates of interest. This has been a very useful program and should continue to play its part in preventing residential deterioration and obsolescence.

#### *Three-year extension*

Title I of the National Housing Act authorizing the FHA home repair and modernization program would expire under existing law on September 30, 1956. This bill would extend title I for 3 years until September 30, 1959. Title I has been in operation more than 20 years and during that time has demonstrated its basic soundness. Approximately 19 million loans amounting to more than \$9 billion have been insured, and the program is a vital part of the Government's overall housing operations. It is an important element in the urban renewal program and an aid to the programs of private organizations aimed at preventing slums and blight.

While the committee does not feel that this program should be placed on a permanent basis, it believes that a 3-year extension is necessary and reasonable.

FHA insurance for this type of credit enables homeowners, particularly in smaller communities, to obtain home-improvement loans. Without such insurance, credit for home repair purposes would not be as readily available as consumer credit for other consumer durable goods, such as automobiles and appliances. In other fields, the dealer frequently receives credit support from the manufacturer. In the case of home repair loans, however, manufacturers of building products are each likely to have a relatively small financial interest in the repair or improvement job done by the local firm. The manufacturer or wholesale supplier is thus rarely interested in backing up credit for a repair or improvement job, especially when the largest cost item is labor at the site. For these reasons home repair or improvement loans, in the absence of title I aids, would be unavailable to many borrowers, or else be available only at much higher interest rates or fees.

A considerable amount of organizational and procedural planning by lending institutions is essential to their operations under the program. The FHA title I regulations require that lenders make extensive investigations of dealers from whom they intend to purchase home improvement notes and set up comprehensive files supporting their dealer approvals. Lenders also are required to have departmentalized facilities for investigating credits and making collections. When faced with recurring expiration dates of the title I program, caused by short-term extensions, it is difficult for lenders to engage in long-range planning for such operations. On several occasions the passage of continuing legislation has been delayed until the expiration date was actually reached or close at hand and there was considerable confusion in the issuing of proper instructions from approved institutions to their participating branches and dealers. FHA has also found it extremely difficult to keep the 12,000 lenders participating in the program properly advised under such circumstances. Consequently, the committee recommends a 3-year extension and states its intention to reconsider the necessity for continuing the program during the legislative session 1 year in advance of the expiration date.

#### *Increase in maximum amounts of insurable loans*

The maximum eligible loan under title I would be increased from \$2,500 to \$3,500 for home improvement and nonresidential loans, and from \$10,000 to \$15,000 for loans for the improvement of structures housing two or more families. A provision would also be added restricting the maximum amount of a loan for the improvement of two-or-more-family structures to an average amount of \$2,500 per family unit. This \$2,500 average limit is the present limit for such loans under regulations issued by FHA. As it applies to the overall structure rather than to the specific unit, the property owner may borrow, for example, \$5,000 to improve a 2-family structure and expend \$3,000 to improve 1 unit and \$2,000 to improve the other.

These proposed increases in the maximum amounts of title I loans recognize increases in labor and material costs occurring since these limits were established (in 1939 for single-family homes and 1950 for multifamily structures).

#### *Increase in maximum term*

The FHA Commissioner would be authorized to increase the maximum term of title I home improvement and nonresidential loans from 3 years (the present limit) up to 5 years, if he determines that



longer maturities are in the public interest after considering the general effect upon borrowers, the building industry, and the general economy. An increase in the maturity of loans would permit smaller monthly payments by the borrowers. The present maximum maturity of 7 years for loans to improve structures housing two or more families would not be increased.

#### *Graduated interest rate*

Although the interest rate of 5 percent discount, as permitted under the FHA title I program, is generally lower than the rate available on uninsured loans, the committee believes that such a rate should not be permitted to apply to the higher amounts authorized by this bill. Consequently, we provide that that portion of any loan which exceeds \$2,500 may not bear an interest rate exceeding 4 percent discount. We believe that this provision adequately compensates investors making title I loans and that a graduation of this kind is reasonable for the borrower as well as the lender.

#### *Purposes for which loans may be used*

In its report on the Housing Amendments of 1954 (S. Rept. 1472, 83d Cong., 2d sess.), this committee restricted the discretion to be exercised by the FHA Commissioner in determining the eligibility of items for loans under the FHA home improvement insurance program. That report reflected the considered judgment of the committee after extensive hearings which showed widespread abuses. In addition to the restrictive language of the report, the committee redrafted portions of the statute to make quite clear that only those items "as substantially protect or improve the basic livability or utility of properties shall be eligible for financing" under the title I insurance program.

The amendments to the statute and the language contained in Senate Report 1472 have been effective in correcting and curtailing reprehensible practices formerly noted in the title I program. More careful administration by the FHA, the assumption of greater responsibility by participating lenders, home improvement dealers and salesmen, and the alertness of homeowners, all have contributed to the improvement of this important program.

In order to serve the needs of homeowners, a program such as that envisioned by title I, which is affected by frequent technological changes in home improvement items, must have sufficient flexibility to permit administrative changes. Consequently, the committee feels that it is now possible to restore considerable discretion to the FHA Commissioner with respect to the eligibility of items. We believe that the statute contains policy guidelines broad enough and yet sufficiently specific to permit a wise administrator to respond to changing circumstances and technology.

We expect the Commissioner to continue the ineligibility of tennis courts, swimming pools, barbecue pits, dog kennels, fire alarm systems, and any other items which in his judgment do not substantially protect or improve the basic livability or utility of properties or which are especially subject to selling abuses. We expect the Commissioner to rely upon the language of the statute in making this insurance program useful to homeowners desiring to repair, improve, or remodel their homes.



The great majority of our people reside in older houses and the FHA title I insurance program, wisely administered, can help to keep these houses modern and in good repair through the use of insured loans at reasonable interest rates.

#### HAZARD INSURANCE ON FHA ACQUIRED PROPERTIES

This bill adds a new provision to authorize FHA to establish a fire and hazard loss fund for self-insurance purposes. The fund would be available to provide fire and hazard risk coverage on property acquired by FHA under foreclosures or otherwise. The FHA Commissioner would also be authorized to purchase additional insurance protection if he determined it necessary, and to provide for reinsurance of any risk assumed by the fire and hazard loss fund. This proposal for self-insurance was suggested by the General Accounting Office.

At the present time the FHA holds properties valued at more than \$100 million. While this inventory is constantly changing because of acquisitions and sales, its value of such properties for the past 3 years has exceeded \$60 million. During the 5 years and 10 months ending September 30, 1955, FHA hazard premium payments totaled \$1,442,000 and losses paid aggregated \$111,000—a loss ratio of under 8 percent.

While this loss experience has been unusually favorable and greater losses may occur in the future, self-insurance would accomplish a substantial economy.

#### COOPERATIVE HOUSING INSURANCE

Under existing law, the maximum amount of a cooperative housing mortgage is 90 percent of the FHA estimate of replacement cost, unless at least 65 percent of the cooperators are veterans of World War II, in which event the maximum mortgage amount may be 95 percent of the FHA estimate of replacement cost. This bill changes the law to permit the higher maximum mortgage amount if at least 50 percent of the cooperators are veterans of World War I or World War II.

The committee believes that the present law is unnecessarily restrictive in its definition of a "veterans" cooperative and feels that these changes are highly desirable.

#### GENERAL MORTGAGE INSURANCE AUTHORIZATION

The general mortgage insurance authorization for FHA would be increased to make available \$3 billion of authorization for the next fiscal year. The balance of the present authorization (estimated to be about \$2 billion at the end of this fiscal year) would be included in that amount. The FHA general mortgage insurance authorization covers all of the mortgage insurance programs except the new military housing program under title VIII and the title I home modernization program.

Budget estimates for 1957, excluding the effect of amendments contained in this bill, project a net usage of slightly over \$2.7 billion. This results from estimated net increases in outstanding insurance in force and commitments to insure aggregating \$3.1 billion—the most

important increases occurring under section 203 (\$2.2 billion) and sections 220 and 221 (\$500 million)—as partially offset by \$400 million in decreases in outstanding insurance under title VI and other miscellaneous programs which are not open for new business. The remaining margin within the proposed \$3 billion authorization is estimated to be sufficient to care for increases in business attributable to the proposed amendments until more exact data can be presented to the Congress at its next session.

An actuarial determination of the self-sufficiency of the various funds has now been completed for the year 1955. For purposes of actuarial analysis, periodic estimates are made by FHA of the amount of resources, in addition to acquired properties, which FHA would need to have in each insurance fund to cover potential maximum probable losses to that fund in the event of an immediate severe reversal of residential real estate conditions. These estimates are designated as reserve requirements.

The Administration has indicated that during the year 1955 reserve resources have been strengthened in relation to insurance in force at the end of the year. At December 31, 1954, FHA actuaries determined that a deficiency in resources compared with reserve requirements existed in the net amount of \$137.4 million. The following summary of the actuarial findings as of December 31, 1955, indicates that the net deficiency in reserves amounted to \$107.8 million. Based on these determinations, the reserve position has been improved by almost \$30 million in 1955.

*Outstanding balance of insurance in force, earned surplus, and estimated reserve requirements in the insurance funds of the Federal Housing Administration, as of Dec. 31, 1955*

	Outstanding balance of insurance in force	Earned sur- plus and con- tributions from other insurance funds <sup>1</sup>	Estimated reserve require- ments, adjusted <sup>2</sup>	Excess of earned sur- plus over estimated reserve re- quirements, adjusted
Title I housing insurance fund.....	\$186,193,922	\$2,347,929	\$8,778,854	—\$6,430,925
Mutual mortgage insurance fund.....	12,120,656,215	<sup>3</sup> 264,969,829	247,061,712	17,908,117
Housing insurance fund.....	563,704,249	5,269,771	24,215,547	—18,945,776
Sec. 220 housing insurance fund.....	-----	825,470	-----	825,470
Sec. 221 housing insurance fund.....	-----	923,640	-----	923,640
Servicemen's mortgage insurance fund.....	85,675,813	1,018,738	3,287,415	—2,268,677
War housing insurance fund.....	4,210,494,711	114,786,236	163,259,135	—53,472,949
Housing investment insurance fund.....	-----	845,343	-----	845,343
Armed services housing mortgage insurance fund.....	639,759,952	9,950,303	38,560,252	—28,609,949
National defense housing insurance fund.....	506,724,756	2,743,090	21,375,653	—18,632,563
Total all mortgage insurance funds.....	18,318,209,618	403,680,349	511,538,618	—107,858,269
Title I insurance fund.....	1,073,377,823	<sup>4</sup> 43,959,440	( <sup>5</sup> )	-----
Total all funds.....	19,391,587,441	447,639,789	-----	-----

<sup>1</sup> Contributions represent earned surplus of certain insurance funds transferred to other FHA insurance funds as contributed capital in the amount of \$20,310,000.

<sup>2</sup> For mortgage insurance contracts in force. Adjusted for estimated unearned premiums in 7 insurance funds in the amount of \$51,008,395 to be retained after refunds of unearned premiums upon prepayment.

<sup>3</sup> Includes \$50,514,214 as of Dec. 31, 1955, in the participating reserve account, representing balances available for participations, which account may be charged with any net loss sustained by the mutual mortgage insurance fund in any semiannual period.

<sup>4</sup> Does not include unearned premiums in this fund amounting to \$21,940,360 as of Dec. 31, 1955.

<sup>5</sup> Reserve requirements are not estimated for the title I insurance fund. The maximum potential liability under this fund was \$236,585,822 as of Dec. 31, 1955, representing the balance of reserves available to qualified lending institutions for the payment of claims. This potential liability was calculated at 10 percent of net proceeds of insurance written less claims paid and reserve adjustments.



This bill also makes it clear that the special insurance authorization for the new military housing mortgage insurance program authorized in 1955 (title VIII) of the National Housing Act, as amended, was not intended to include mortgages insured pursuant to the provisions of that title in effect prior to the enactment of the Housing Amendments of 1955.

#### RAPIDLY WASTING ASSETS

The committee considered a suggested amendment to section 203 (b) of the National Housing Act, relating to sales housing constructed as security for FHA insured home mortgages, which reads as follows:

To be eligible for insurance under this section a mortgage shall—

Not include as mortgage security items which are not an integral part of the real estate unless such items substantially protect or improve the basic livability or utility of the property and continue to enhance the security and value of the property for the duration of the mortgage period. The Administrator shall develop a list of items of household equipment and furnishings which shall not be eligible for inclusion as part of the valuation of an insured mortgage under this section for use on a uniform basis by all regional and local offices of the Federal Housing Administration.

This amendment was intended to prevent the inclusion, as security for an FHA insured mortgage, of rapidly wasting assets which do not continue to enhance the security and value of the property for the duration of the mortgage period. The committee is quite concerned that the inclusion of rapidly wasting assets may not be in the best interest of homeowners purchasing houses with FHA-insured mortgage loans. However, the committee was uncertain of the total effects of the proposed amendment, and decided to withhold action until additional information can be obtained.

The Federal Housing Administration is requested to study this proposed amendment to section 203 of the National Housing Act and report its findings and recommendations to the committee by January 31, 1957. This report, among other things, should include (1) information regarding items, now eligible, which would be ineligible under this amendment, (2) the effects upon the size and utility of houses constructed under the FHA program, (3) the advantages and disadvantages to the homeowner, (4) the effects, if any, upon industries producing items which might be excluded, and (5) the effects upon the home building industry as a whole.

#### MORTGAGE AMOUNTS IN HIGH-COST URBAN RENEWAL AREAS

Section 220 of the National Housing Act presently provides mortgage limits of \$2,250 per room (\$8,100 per unit) except that the FHA Commissioner may increase these amounts to \$2,700 per room (\$8,400 per unit) for elevator-type structures. The Commissioner may also increase the mortgage amounts applicable to elevator-type structures by up to \$1,000 per room in high-cost areas. This permissive authority to increase the mortgage in high-cost areas has not been extended to garden-type structures.

Some urban renewal projects in high-cost areas are planned to contain substantial numbers of garden-type apartments which, of course, do not require elevators and therefore are not eligible for the higher mortgage amounts permitted in high-cost areas. The committee feels that garden-type apartments can be properly encouraged in high-cost areas in order to provide more desirable neighborhood environment. The bill amends section 220 to permit an additional \$1,000 per room or per family unit for both garden-type and elevator-type projects in high-cost areas.

#### TRADE-IN HOME PROGRAM

The committee heard testimony that the overall objectives of the National Housing Act would be enhanced if it were possible for the builders and sellers of new homes to accept used homes on a trade-in basis. The committee considered an amendment to the National Housing Act to accomplish this objective. The Housing and Home Finance Agency advised that at the present time any investor may purchase a house with an FHA-insured loan up to 85 percent of the amount which is available to an owner-occupant, and that any necessary changes can be made by regulation. For this reason the bill does not contain an amendment on this subject.

#### LOW-COST HOUSING FOR DISPLACED FAMILIES

Section 221 of the National Housing Act provides a special mortgage insurance program to assist in the provision of low-cost housing for families displaced by urban renewal and other governmental action in communities which have workable programs for meeting their overall problems of slum and blight. This housing, which can be located in any approved areas of the community, must be programmed by the Housing Administrator to meet the needs of these families. The program is thus designed to help overcome one of the major obstacles to urban renewal, the relocation of displaced families in adequate housing. This problem is greatest with respect to families of low or moderate income, for which section 221 housing is intended.

This bill would amend the FHA section 221 mortgage insurance program for the housing of families moving out of urban renewal areas, as follows:

(1) The maximum dollar amount is now \$7,600 per dwelling, except that the FHA Commissioner may increase this amount up to \$8,600 in any geographical area where he finds that cost levels so require. This bill increases these maximum amounts to \$8,000 and \$10,000, respectively.

(2) The maximum ratio of loan to value is now 95 percent and, in the case of single family homes, 5 percent of the estimated cost must be paid (in cash or its equivalent) by the mortgagor at the time of insurance. In place of that provision, the bill would permit the mortgage to equal the value of the property except that the mortgagor in sales housing would be required, in the case of a single family home, to make an initial payment of \$200 in cash or its equivalent, which amount could include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses.

(3) The maximum maturity of the mortgages would be increased from 30 years to 40 years.



There are almost no mortgage insurance advantages for construction under the existing provisions of section 221, as compared to other sections of the National Housing Act. Consequently, there has been little interest in construction under that section.

In addition, the existing dollar maximums for section 221 mortgages are unrealistic for some high-cost areas and would in themselves prevent new construction in those areas. There is a large, as well as urgent, need for low-priced, sales-type housing for families displaced from urban redevelopment and urban renewal areas, especially families of minority groups. Many could afford a \$200 downpayment including closing costs.

Mortgage insurance provisions in section 221 for multifamily structures provided by private nonprofit corporations are presently unworkable because of the 95 percent maximum loan-to-value ratio. It has the effect of requiring a 5-percent investment by the nonprofit corporation which could not normally receive a return on even the 5 percent invested. The 40 years' maximum maturity will reduce monthly payments and will make the program more helpful to the low-income families for which it is intended.

#### APPROVAL OF COST CERTIFICATIONS ON RENTAL HOUSING

Section 227 of the National Housing Act requires that builders of FHA multifamily housing projects (except military housing under the new title VIII program) certify the costs of the projects. Experience has indicated that prospective sponsors of multifamily housing fear that their cost certifications may be reexamined and questioned from time to time over an indefinite period of years. The amendment of section 227 would remove this uncertainty. Once the cost certification is approved by the FHA Commissioner, it would be considered final and incontestable except where there has been fraud or misrepresentation on the part of the mortgagor.

In addition, the bill contains a provision to encourage the production of rental housing in urban renewal areas under section 220 of the National Housing Act. This provision authorizes the FHA Commissioner to allow a profit on such projects of up to but not exceeding 10 percentum of the "actual costs" as defined in section 227 of the National Housing Act. It is hoped that the uncertainties and hazards peculiar to capital ventures contemplated by the production of rental housing in urban renewal areas will be recognized by the FHA Commissioner and that profit allowances will be made on a basis which will foster greater activity under this program.

#### MILITARY HOUSING

This bill would extend the military housing program through September 30, 1959; extend the program to cover construction of projects on Midway Island and in the Canal Zone; increase FHA insurance authorization from \$1,363,500,000 to \$3 billion, and increase from \$9 million to \$18 million the maximum monthly expenditure by the military to amortize military housing mortgages; increase maximum average unit cost from \$13,500 to \$15,000 for any single project, and set a servicewide ceiling on average unit cost of \$14,250; establish maximum limits on net floor area, based upon military rank, for each unit of housing; and makes technical and perfecting amendments to existing law.

The bill also contains provisions emphasizing FHA's responsibilities in order to prevent overbuilding in areas surrounding military installations. It requires a determination by the Secretary of Defense, with the approval of the FHA Commissioner, that adequate housing is not available for personnel of the armed services at reasonable rentals within reasonable commuting distance of the installation. This determination must be made before a new project can be approved. The bill further provides that the FHA Commissioner shall report to the Committee on Banking and Currency of the Senate and the House of Representatives each instance in which he has disagreed with the military as to need for housing and has required the Secretary of Defense to guarantee the armed services housing mortgage insurance fund against loss.

Existing law is amended to require that plans and specifications prepared for military housing follow the principle of modular measure. This requires that plans be drawn so that military housing can be built by conventional construction, site fabrication, or factory fabrication, whichever the successful bidder may elect. This amendment was recommended by the Department of Defense to permit economies in design, materials, and construction. This amendment reaffirms the committee's intent that builders of prefabricated homes should have equal consideration in bidding on these military housing projects.

In order to resolve a legal uncertainty concerning the bonding of contractors who build military housing, the bill provides that such contractors shall furnish bonds satisfactory to the FHA Commissioner and the Secretary of Defense. This change was recommended by the Department of Defense to conform to the usual FHA bonding requirements.

The factor most frequently cited by officers and enlisted men who leave the service is the lack of adequate family housing. It was testified that in the Strategic Air Command alone, a total of 111,848 airmen did not reenlist during the 4 years ending June 30, 1956. The worldwide net military family-housing deficit was calculated to be about 273,000 units. This figure does not take into account married personnel in the lower three enlisted grades. Although the appropriated-fund method for constructing military housing has many advantages, it does not permit expenditures of sufficient funds in time to meet urgent military-housing requirements.

As of March 6, 1956, a total of 111 projects comprising 49,866 units had been approved for development under this program. Subsequent information supplied to the committee indicates that, as of April 10, 1956, the military-housing program consisted of 139 projects, totaling 60,696 housing units in various stages of development, ranging from preliminary planning and engineering to actual construction of one project.

Since the act which inaugurated this program, was not approved until August 11, 1955, there has been very little time in which to get the program started. A 3-year extension of the program appears necessary. The increase in average unit cost and the establishment of maximum limits on net floor area are designed to permit the construction of housing under this program which will be comparable to housing produced with appropriated funds.



## TITLE II—HOUSING FOR ELDERLY PERSONS

Prior to 1955, no real effort had been made to develop a Federal program to provide housing for the elderly. In 1955, the Senate Banking and Currency Committee reported a bill which would have provided an allocation of public housing units for the elderly. This provision passed the Senate but was not enacted.

Since 1955, there has been an increasing awareness of the need to encourage the building of a more substantial number of adequate dwelling units for older persons. A study by the Senate Housing Subcommittee entitled "Housing for the Aged" has helped to define the problem and delineate its scope. A number of bills dealing with housing for elderly persons have been introduced in both Houses of the Congress and almost every witness who testified before the Housing Subcommittee this year indicated that some program to assist elderly persons is needed. This bill will provide a well-rounded approach to the problem of providing housing for the elderly.

The process of aging is accompanied by certain social and economic, as well as physical, characteristics which are of primary importance in determining housing needs of the aged. The major difficulty in meeting this problem is to secure adequate housing for elderly persons at a cost they can afford to pay. There is a marked disparity between necessary costs for decent housing and the ability of a substantial percentage of the population to pay these costs. With the aging this condition is aggravated. Because of their reduced earning power, older persons are often unable to compete successfully for housing, particularly in periods of short supply.

Most elderly persons seem to prefer their own quarters because of a sense of security and independence living alone appears to give them; and this requires accommodations designed to meet their special needs of safety and convenience.

In drafting legislation on the subject, the committee gave consideration to the problems enumerated above. This bill attempts to provide (1) financial assistance both in public and private housing, (2) adequacy in design and location of housing, and (3) a research program to help Federal agencies, private groups, and individuals solve the many problems in this field.

## PRIVATE HOUSING FOR ELDERLY PERSONS

The bill is designed to meet the needs of elderly persons in two ways. First, it would amend title II of the National Housing Act by adding a new section 229 to enable the FHA to insure mortgages with liberal terms for elderly persons. These new mortgage terms would be applicable to both sales and rental housing, and FHA insurance is conditioned upon the projects being economically sound.

Sales housing mortgages would be insured up to 100 percent of value where the mortgagor is the owner-occupant except that the borrower must pay \$200 in cash which may include payment of settlement costs and initial payments for taxes, hazard insurance, and other prepaid expenses. The maximum mortgage would be \$8,000 (\$10,000 in high-cost areas) and the maximum maturity would be 40 years. Mortgagors who are not owner-occupants would be permitted to obtain 85-percent loans to build or acquire and repair

or rehabilitate for sale, and to finance pending subsequent sale to elderly persons under purchase contract or lease option agreements. An elderly person could buy only one house with the benefits of this program.

Rental housing mortgages would be insured up to 100 percent of value if the mortgagor is an acceptable public or private nonprofit organization, and 90 percent of value for all other types of mortgagors. As with sales-type housing, the mortgage amount could not exceed \$8,000 per unit (\$10,000 per unit in high-cost areas). Maximum maturity would be 40 years.

With respect to sales housing, the bill provides that where a mortgagor is 60 years of age or over, a third party (a person or a corporation satisfactory to the FHA Commissioner) may provide the downpayment required and may cosign the mortgage note. For rental housing, an acceptable third party may contribute a part of the required rental payment and may assist in meeting equity requirements.

An Elderly Persons Housing Insurance Fund is established in the FHA to carry out the provisions of the new section 229. Through its operation of this and other mortgage insurance programs, the committee expects the FHA to give recognition to the needs of elderly mortgagors in the new housing projects that are constructed with the assistance of FHA insurance.

FNMA is authorized to enter into advance commitments to purchase such mortgages up to \$50 million outstanding at any one time. A maximum of \$5 million would be available in any one State. Both would be revolving funds.

#### PUBLIC HOUSING FOR ELDERLY PERSONS

Second, the bill would broaden the opportunities for low-income elderly persons to find shelter in public housing accommodations by initiating a program of 15,000 public housing units for each of 5 years beginning July 1, 1956, and by making elderly persons eligible on a first-preference basis to any suitable units in any other public housing projects, even though they were not specifically designed or built for elderly persons. These 15,000 units would be in addition to other low-rent public housing units authorized by other provisions of the bill.

In order to make elderly persons eligible for public housing, the definition of "families of low income" is amended. The term "families" would include a single person 65 years of age or over, or the remaining member of a tenant family. The term "elderly families" is further defined to mean families the head of which or his spouse is 65 years of age or over. To be eligible for admission to public housing, elderly persons and families need not comply with the requirement that they come from slum dwellings or be displaced by Government action.

The total authorization for annual contributions by the Public Housing Administration is increased from \$336 million to \$366 million. This is an increase at the rate of \$6 million a year for each of the 5 years.

In order to defray the higher cost of units especially designed for the elderly, the bill authorizes an increase in the cost limit for such units from \$1,750 to \$2,250 per room.



To insure that the Federal Government develops and maintains a program to meet the needs of elderly persons, the bill requires the Housing Administrator to establish an advisory committee on matters relating to housing for the elderly. It is the hope of the committee that the establishment of this advisory committee will help to create and maintain public interest in providing an adequate program for housing our senior citizens. It is anticipated that this advisory committee will work closely with the Housing Administrator and other Federal housing officials in the interest of housing for the elderly and that its recommendations can provide the basis for necessary legislation.

### TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

The Federal National Mortgage Association since November 1, 1954, has had three separate and distinct programs. They are:

- (1) The secondary market operations designed to provide supplementary assistance to the secondary market for home mortgages;
- (2) Special assistance functions which upon specific authorization by the President or by the Congress provide special financing for selected types of home mortgages; and
- (3) Management and liquidating functions under which FNMA manages and liquidates its existing portfolio so as to avoid any adverse effect upon the home mortgage market or unnecessary losses to the Federal Government.

FNMA's cumulative purchasing activities from February 10, 1938, through March 31, 1956, are summarized as follows:

- (1) The average age of the mortgages at the time of purchase is computed to be approximately 3 months;
- (2) The average original principal amount of the mortgages at the time of purchase was approximately \$9,460;
- (3) The average outstanding principal balance of the mortgages at the time of purchase was \$9,408; and
- (4) FNMA's delinquency experience in respect to single family housing mortgages comprising the portfolio of its secondary market operations and similar mortgages in its other functions or operations is shown in the following table:

Type of operations	Type of mortgage		
	FHA	VA	Total
Secondary market operations.....	Percent 0.40	Percent 0.79	Percent 0.68
Special assistance functions.....			
Management and liquidating functions.....	5.01	1.20	2.25
All programs.....	4.81	1.19	2.18

### FNMA PROFIT

#### *Secondary market operations*

From November 1, 1954, through February 29, 1956, under this program FNMA has earned \$2.463 million. After deducting expenses, losses, and payments made in lieu of income taxes in the amount of \$1.926 million, there remained a net profit of \$537,000.

*Special assistance functions*

From November 1, 1954, through February 29, 1956, this program has earned \$73,500. Expenses and losses have amounted to \$9,500, resulting in a net profit of \$64,000.

*Management and liquidating functions*

This portfolio consists mainly of mortgages purchased prior to November 1, 1954, although there were commitments outstanding at that date which required additional purchases. Operations from February 10, 1938, through February 29, 1956, have earned \$614 million. Expenses and losses amounted to \$402.4 million, resulting in a net profit of \$211.6 million.

Thus, total profits of all operations from February 10, 1938, through February 29, 1956, have been \$212.2 million.

Legislation dealing with the supply of long-term mortgage funds was one of the most perplexing problems confronting the committee. Many proposals were received to modify the statute governing the operations of the Federal National Mortgage Association. There is increasing evidence that the volume of private housing starts is governed more by operations of the money market than by the actual housing needs of the people. Although the committee is generally sympathetic to suggestions for increasing the participation of FNMA in supplying long-term mortgage credit, sufficient information is not available to justify drastic changes in the program of that agency.

This bill contains several amendments designed to increase the usefulness of the FNMA in providing housing for which the needs are most urgent. These changes are discussed briefly below:

**CEILING FOR MORTGAGES IN ALASKA, GUAM, AND HAWAII**

The bill provides that eligible mortgages covering property located in Alaska, Guam, or Hawaii could be offered for FNMA purchase, under its special assistance operations, without regard to the present \$15,000 maximum amount limitation. Because of higher building costs in Alaska, Guam, and Hawaii, the present restriction prevents the financing of needed housing in those Territories. The FHA Commissioner has authority to insure mortgages covering property in those Territories in higher amounts (up to 50 percent higher) than mortgages covering property in the United States. Until 1954, when the former overall \$10,000 maximum amount limitation was increased to \$15,000, mortgages covering property in Alaska, Guam, or Hawaii could be offered for FNMA purchase without regard to a maximum amount limitation. This amendment would restore that situation.

**STOCK PURCHASE REQUIREMENT**

Under present law, mortgage sellers must subscribe to FNMA common stock equal to 3 percent of the unpaid amount of the mortgages, or such greater percentage as may from time to time be determined by FNMA. Under this bill the FNMA would have authority to adjust downward as well as upward the percentage of capital subscriptions required, although the contribution could never be less than 1 percent. Specifically, the amendment would provide that sellers of mortgages to FNMA under its secondary market operations would be required



to make capital contributions to FNMA equal to 2 percent of the unpaid principal amount of mortgages purchased or to be purchased by the Association, or such other greater or lesser percentage, but not less than 1 percent, as may from time to time be determined by the Association, taking into consideration conditions in the mortgage market and the general economy.

This reduction in the required percentage of common stock subscription need not result in a lower total amount of such subscriptions or a consequent delay in the retirement of the preferred stock held by the Treasury. A reduction in the required percentage could result in an increase in the secondary market operations of the Association of sufficient proportion to increase the total stock subscriptions.

#### PURCHASE PRICE POLICY

The bill also revises the method for establishing the purchase prices of mortgages to be purchased by FNMA in its secondary market operations. Under present law, the FNMA is required to establish such purchase prices "at the market price" for the particular class of mortgages involved. Experience gained by FNMA since this provision became effective, November 1, 1954, has indicated that the pricing factors affecting individual mortgages are so diverse that it is not practicable to comply literally with the requirement that prices be established "at the market price." It is practicable, however, to ascertain ranges of market prices from time to time. Accordingly, this section of the bill would prescribe the criterion that the prices to be paid by the Association for mortgages purchased under the secondary market operations should be established, from time to time, "within the range of market prices" for the particular class of mortgages involved, as determined by the Association. The committee understands that this change will permit the Association to raise its purchase price schedule.

#### REVOLVING FUND FOR COOPERATIVE HOUSING MORTGAGES

The Housing Amendments of 1955 authorized a \$50 million revolving fund for the purchase of FHA-insured mortgages secured by cooperative housing projects. The law specified that not more than \$5 million of this revolving fund could be used in any one State, and it was the committee's intention that this \$5 million State ceiling should also revolve. However, the language of the statute has been interpreted as not permitting this \$5 million fund to revolve. This bill corrects this situation and makes clear that both the \$50 million fund and the \$5 million State ceiling will be revolving funds.

#### PURCHASE PRICE POLICY UNDER SPECIAL ASSISTANCE FUNCTIONS

The charter of FNMA states that one of the principal functions of the agency is to provide special assistance for the financing of selected types of home mortgages which could not otherwise be produced to the extent desirable in the national interest. Funds available for this special assistance function are separated from funds provided for other activities of the association. At the present time programs identified as requiring special assistance include cooperative housing,

urban-renewal housing, military housing, disaster housing, and housing in Alaska and Guam.

Under the purchase price policies established by the association for its special assistance functions, the agency charges discounts up to 2 percent in addition to its regular fees. The committee believes that these policies tend to defeat the purposes for which the special assistance function was created. Consequently, this bill amends the law to require that all mortgages purchased under the special assistance functions shall be purchased at par.

#### REVOLVING FUND FOR HOUSING FOR THE ELDERLY

As stated elsewhere in this report, one of the major provisions of this bill is a new mortgage insurance program for the FHA. Under this program the FHA is authorized to insure mortgage loans secured by housing produced for elderly persons. In order that this necessary program may not fail for lack of financing, this bill authorizes FNMA to purchase elderly housing mortgages under its special assistance functions and establishes a revolving fund of \$50 million for this purpose. Not more than \$5 million of this fund can be used to purchase mortgages in any one State, and this \$5 million State ceiling will revolve in the same manner as the \$50 million total fund.

#### RESEARCH

As stated above, the committee received many proposals to alter the nature of FNMA. Some of these proposals would merely increase funds available for purchasing mortgages under existing policies. Other proposals would greatly increase the scope of Federal participation in home mortgage lending. The committee believes that the entire subject of the supply of mortgage credit should be thoroughly studied. It is our intention that a research program authorized by this bill and discussed elsewhere in this report will enable HHFA to gather data upon the housing needs of the Nation, the amount of long-term mortgage funds necessary to meet these needs, and ways and means of making such funds available.

#### SPECIAL ASSISTANCE FOR MINORITY GROUPS

Considerable testimony was presented to the committee to the effect that one of the major problems confronting minority groups who seek to obtain adequate housing is the inability to secure financing at reasonable rates. Under existing law the President has authority to make the special assistance functions of the FNMA available for the financing of "selected types of home mortgages \* \* \* for segments of the national population which are unable to obtain adequate housing. \* \* \*" He has already exercised that authority in connection with military housing, disaster housing, housing in Alaska, and housing in Guam. The committee believes that the present need for housing of minority groups warrants prompt and affirmative action by the President. We, therefore, urge the President to designate such mortgages as eligible for purchase under the FNMA special assistance functions.



## TITLE IV—SLUM CLEARANCE AND URBAN RENEWAL

One of the most important programs administered by HHFA is the program for slum clearance and urban renewal. Although legislation on this subject has existed for several years, new problems constantly arise, and it is necessary to clarify and perfect the statute as experience is gained. This bill contains several amendments each of which is discussed below.

## PLANNING ADVANCES TO A SINGLE PUBLIC BODY

The committee has learned that many urban-renewal projects involve the participation of several different local public bodies in the community concerned. In order to reduce administrative problems under such circumstances, this bill authorizes the Housing and Home Finance Agency to make planning advances to a single local public body even though other local agencies may have primary authority for carrying out specific parts of the planning job.

## PLANNING THE "REDEVELOPMENT AREA"

Title I of the Housing Act of 1949 provides Federal aid to local public agencies to carry out urban renewal plans. An urban renewal plan may provide for part of an area to be improved by rehabilitation and part to be improved by clearance and redevelopment. The requirement that the redevelopment part of the area be identified and planned in advance increases paper work, serves no purpose, and should be removed. This bill changes the law accordingly.

## DEFINING "URBAN RENEWAL PROJECT"

The bill amends the definition of "urban renewal project" in two respects. First, the definition would be simplified to consolidate the provisions relating to slum clearance and redevelopment with those relating to rehabilitation and conservation, thereby avoiding overlapping and duplication in the definition. This is not a substantive change. A second change relates to the present requirement of the law that an urban redevelopment area must (with certain exceptions) either be predominantly residential to begin with or else be redeveloped for predominantly residential uses. This requirement does not presently apply to the entire urban renewal area, but only to those parts which are to be cleared and redeveloped. Under the bill, this requirement would be applicable to the urban renewal area as a whole, including the portions which are to be rehabilitated. Also, a rehabilitation or conservation project involving no land acquisition or slum clearance at all would nevertheless be subject to the "predominantly residential" requirement.

## SPECIAL ASSESSMENTS ON REHABILITATED PROPERTIES

Title I of the Housing Act of 1949 permits a locality to count as part of its local contributions to an urban renewal project the cost of certain public improvements which are necessary for carrying out the urban renewal objectives. However, the cost of public facilities financed with special assessments against land in the project area may not be

counted as part of the local grant-in-aid. The reason for this exclusion is that the levying of a special assessment against land acquired in the project area will tend to lower the resale value of that land. The cost of the public facility is thereby, in effect, transferred to the title I project so that a double allowance would be made if the cost were also credited as a local grant-in-aid. However, this objection applies only to special assessments levied against land *acquired* as part of the project area and later resold for redevelopment. The objection does not apply to land within an urban renewal area which is *not acquired*, but is merely scheduled for rehabilitation and conservation activities. Accordingly, the bill amends the law to provide for deducting from the cost of the facilities, for the purpose of computing the amount of the local grant-in-aid, an amount equal to the special assessments against land in the project area which is acquired by the local public agency as part of the project. No such deduction would be made with respect to the remaining cost of the public facility.

#### LOCAL TAXATION OF ACQUIRED LAND

In many communities, as permitted by State law, payments in lieu of taxes and sometimes tax payments are made (by operation of law or by voluntary arrangements) on account of land which is acquired as part of an urban renewal project. The payments are made for the temporary period when the land is in public ownership. Such payments are approvable as project costs if they do not exceed taxes which would normally be payable by a private owner with respect to the same land. This bill provides for equitable treatment as between communities which receive such payments and those which do not. This would be accomplished by permitting communities which do not receive such payments to include in gross project cost an amount equal to the ad valorem taxes which would have been levied upon such property if it had been subject to ad valorem taxes. In all cases, in calculating the amount allowable, the amount would be prorated for the period during which the property is owned by the local public agency as part of the project. The inclusion of any such payments in gross project costs would be subject to the approval of the Housing Administrator and such limitations as he may impose.

#### ADVANCES FOR LONG-TERM PLANNING

Under present law, planning advances are made on the basis of identifiable urban-renewal projects. The committee recognizes that while this is an essential tool for long-term rehabilitation and conservation activities as well as for redevelopment of slums and blighted areas, it is essentially a piecemeal approach. The committee has, therefore, adopted a provision in this bill which would permit advances: (1) to cover a longer period of time, up to 10 years; and (2) to cover a much wider urban area than is covered by the present single project approach, thus enabling the local community to plan ahead and develop a series of projects within the wider urban area. Expenditures made by the local public agency under its contract for planning advances would be considered as part of the gross project cost of the first urban-renewal project in the renewal area. The local public agency must propose to undertake a renewal project embracing at least 10 percent of the planning area.



## MAXIMUM AMOUNT OF LOCAL CONTRIBUTION

Although existing law contemplates that net costs of urban-renewal projects shall be shared on a basis of one-third by the local government and two-thirds by the Federal Government, the law is stated in permissive terms so that the actual share of the local government frequently exceeds one-third of net project costs. This bill restates this portion of the law and fixes the ratio clearly so that local governments are not required to pay in excess of one-third of net project costs. The committee expects this provision to be administered so that the Federal share is as close to two-thirds of net project costs as may be practicable.

## INCREASE IN CAPITAL-GRANT AUTHORIZATION

In order that the urban-renewal program may proceed with a high level of activity, throughout the fiscal years beginning July 1, 1955 and 1956, the bill increases the capital-grant authorization for each of these fiscal years from \$200 million to \$250 million.

Citizen and community interest in the urban-renewal program is accelerating almost daily. The urban-renewal program will, under proper management, soon become one of the largest, as well as one of the most important, of the Federal Government's housing programs. Under the 1954 act, 96 communities have secured approval of a workable program. An additional 81 communities have evidenced an interest in urban renewal and now have either submitted for approval or are preparing plans for such a program. In most cases, the approval of a workable program will lead to further activity in the demolition and clearing of slums and in redevelopment or rehabilitation. The committee wishes to emphasize its support of the urban-renewal program and points to the several amendments contained in this bill, including the increase in the capital grant authorization, as concrete evidence of its sincere desire to see the urban-renewal program increased in both size and efficiency.

REIMBURSEMENT TO RESIDENTS AND BUSINESSMEN IN  
URBAN-RENEWAL AREAS

Perhaps the most difficult problem associated with clearing and rehabilitating a slum area is the avoidance of personal and financial hardships to families and businesses forced to leave the area. The bill amends the law to alleviate such distress. The amendment provides that individuals, families, and business concerns may be reimbursed for expenses or losses, resulting from their displacement from an urban-renewal area and for which reimbursement or compensation is not otherwise made, on the following basis: (1) Necessary moving expenses not to exceed \$100 for any individual or family, and (2) business losses, including loss of good will and necessary moving expenses, not to exceed \$2,000 for any one business. These payments may be made by the Administrator of the Housing and Home Finance Agency under such reasonable rules and regulations as he may prescribe.

The committee believes that this amendment will not only relieve unusual distress and suffering of tenants (both residential and busi-

ness) in urban-renewal areas, but will also remove much resistance to urban-renewal planning and execution, thereby fostering the restoration of slum areas.

#### INCREASING THE DISCRETION OF LOCAL PUBLIC AGENCIES

The committee considered the adoption of a portion of the bill, S. 3158, which would have amended urban renewal legislation to state that:

the local public agency may exercise discretion with respect to the time of effecting and land acquisitions and the removal of structures thereon in the formulation of any urban renewal plan in the interest of carrying out a project with maximum economy and a minimum of hardship to the residents of an area.

The Housing and Home Finance Agency advised that the type of discretion on the part of the local public agency which is referred to by the proposed amendment may clearly be exercised under present legislation. In view of this fact, the committee determined that an amendment of the statute was unnecessary.

#### TITLE V—LOW-RENT PUBLIC HOUSING

##### AUTHORIZATION FOR CONTINUING PROGRAM

This committee has again considered the need for low-rent public housing to help provide adequate shelter for the thousands of low-income families of the Nation who could not otherwise obtain a decent place to live. The Congress has been confronted with this problem for many years and in 1949 enacted a law authorizing a program of financial assistance for 810,000 low-rent housing units to be built, owned, and operated by local public bodies in communities where such housing is needed. In 1956, 7 years later, this goal is yet to be achieved. The PHA Commissioner advises that by July 31, 1956, approximately 315,500 units will have been placed under contract pursuant to the authorization in the Housing Act of 1949. Thus, 7 years after establishment of a goal, that goal is less than 40 percent satisfied. The committee is aware of no other means for housing the families eligible for this program, and is aware of no reason for reducing the goal established in 1949.

Consequently, this bill authorizes the PHA to enter into new contracts for loans or annual contributions until the 810,000-unit program is completed. The bill establishes 135,000 units as the number to be placed under contract in any 1 fiscal year, with a condition that the President may vary this amount down to 50,000 units or up to 200,000 units if conditions in the national economy so require. In addition, the authorization for fiscal year 1957 is increased by the number of units not placed under contract from the 1956 authorization.

The bill also raises from 10 to 15 percent the maximum portion of annual contributions which may be expended within any one State.

The bill repeals a proviso in the 1953 Appropriation Act which prohibits the commencement of construction in any one year of more than 35,000 units. The committee feels that this is an unnecessary restriction on the program. The basic control is the number of units



which may be placed under annual contributions contracts, and a restriction on the number which may be constructed in any one year serves no useful purpose.

In order to assist in meeting the housing needs of elderly persons of low income, both families and single persons, this bill amends the definition of "families of low income" as it appears in the United States Housing Act of 1937. Under the new definition, persons 65 years of age or over, whether married or single, are eligible for admission to public-housing projects if they meet other requirements in the law.

Through the years numerous restrictions placed on the public-housing program have reduced its effectiveness. The committee is satisfied that none of these restrictions is necessary for administration and control of the public-housing program and, therefore, would repeal them.

The committee heard testimony indicating that strict Federal controls are tending to regiment local initiative to the detriment of the program at the local level. This condition was emphasized with respect to the design and type of structures being built for low-rent occupancy. In order to increase the discretion permitted local public bodies, the bill contains a requirement that general standards with respect to minimum space requirements and type of construction will be established by the PHA, but that local public agencies will have more freedom with respect to project size, type, density, and design.

#### DISPOSAL OF FARM-LABOR CAMPS

The bill directs the PHA to transfer farm-labor camps without monetary consideration to any public-housing agency whose area of operations includes such a project. A request for a transfer under this provision must be made by a local authority within 12 months after enactment. Occupancy preference after transfer would be given first to low-income agricultural workers and their families, and second to other low-income families. Mandatory provision is made for reserving to the United States all mineral rights in the properties.

Farm-labor camps were built in the 1930's by the Resettlement Administration. The Housing Act of 1950 transferred them from the Secretary of Agriculture to the PHA.

Only 16 percent of the 9,049 units in this program are family dwellings with bathroom and kitchen facilities. About 77 percent are 1-room units for living and sleeping purposes, with toilets, running water, and laundry facilities provided in small community buildings. The remaining 7 percent are merely platforms for tents or trailer-parking spaces.

The value of these farm-labor camps, as carried on PHA books, is \$11,207,000. In fiscal year 1955, \$1,415,000 in rents were collected and expenses totaled \$1,355,000. The remaining \$60,000 was retained by the local housing authorities as reserves for repair and rehabilitation, the Federal Government receiving no income.

These camps require very substantial improvements if they are to serve the needs of migratory and other agricultural workers. PHA has no funds for this purpose, and under terms of existing contracts the local housing authorities are unable to secure necessary funds from other sources. The local authorities maintain that if they owned the projects they would be able to secure funds for rehabilitation.

## DISPOSAL OF GOVERNMENT-OWNED DEFENSE HOUSING

The bill transfers 41 temporary defense-housing projects constructed or acquired under the Defense Housing and Community Facilities and Services Act of 1951, and 2 Lanham Act war-housing projects, from the Housing Agency to the Department of Defense effective July 1, 1956.

The defense-housing projects to be transferred now comprise approximately 6,000 units, but it is expected that this number will be decreased by about 98 units before the effective date of the transfer by the removal of this number of dwellings from project NC-4D1, Elizabeth City, N. C. The Lanham Act war-housing projects are the Moreno Court projects (FLA-8082 and 8084), Pensacola, Fla., comprising 198 units.

All the defense-housing units are located on or near military posts or reservations and all of the projects listed have been designated by the Department of Defense as necessary to house military personnel.

Section 606 of the Lanham Act now authorizes the transfer of the Moreno Court projects, among others, to local housing authorities for use in providing housing for families of low income and imposes certain conditions with respect to the transfers. Under the Lanham Act, the PHA has entered into contracts with the respective local housing authorities providing for management of the projects. The contracts also contemplated the eventual transfer of the projects to the local authorities for low-rent use if military needs permitted.

After the beginning of the Korean war, transfer of these projects, among others, was suspended at the request of the Department of Defense so that they could be made available for housing military personnel. The Department of Defense needs the Moreno Court projects and the local housing authority has interposed no objection.

The bill further provides that defense housing not transferred to the Department of Defense must be disposed of as expeditiously as possible and not later than June 30, 1957, on a competitive bid basis to the highest responsible bidder. However, the Housing Administrator may reject any bid which he determines to be less than the fair market value of the property and may thereafter dispose of the property by negotiation. It should be noted that this housing consists of temporary units mostly on or adjacent to military reservations. In the case of project IDA-2D1 at Cobalt, Idaho, however, which is needed for continued use on the site in connection with mining operations necessary for defense, sale would be restricted to use on the site.

The bill also directs the Housing Administrator to convey the Lanham Act Tonomy Hill project (RI-37013) at Newport, R. I., to the Housing Authority of the City of Newport in accord with the provisions of section 606 of the Lanham Act but with authority to house military personnel regardless of income and subject to a 3-year preference for military personnel with respect to 360 of the 538 units comprising the project. It is believed that this is the best way of reconciling the need for this particular project by both military personnel and low-income families.

Special consideration was given to the transfer of the two Passyunk Home projects (PA-36011 and 36012) in Philadelphia, Pa., and the bill directs the Housing Administrator to convey these projects to the Housing Authority of Philadelphia under the provisions of section 606 of the Lanham Act.



## TITLE VI—MISCELLANEOUS PROVISIONS

## COLLEGE HOUSING

The college housing loan program authorized by the Housing Act of 1950, and stimulated by the Housing Amendments of 1955, is now functioning to meet the critical housing shortages on the campuses of the Nation's colleges and universities. Applications are already on hand in a volume which would exhaust the present authorization of \$500 million. The need for student, student family, and faculty housing was intensified in the fall of 1955, and will become even more acute in the fall of 1956, due to mounting enrollments, further deterioration of temporary facilities, and the increasing shortage of off-campus housing. Enrollments in colleges and universities in the fall of 1955 were the highest in the Nation's history, almost  $2\frac{3}{4}$  million students, and higher than the veterans' "bulge" in 1949. The projected estimate of enrollments ascends at a rapid rate to more than 3 million in 1960, more than 4 million in 1965, and more than 5 million in 1975.

Off-campus housing, consisting of rooming houses and private homes, which has traditionally provided for student overflow, is diminishing with the obsolescence of older structures and the construction of private homes which have no extra rooms to rent to students. The provision of additional student, student family, and faculty housing is the most pressing concern of almost every college administrator.

In the light of these circumstances, the committee bill increases the authorization for college housing loans by \$250 million. This amount should enable this program to continue at a high level of activity and will make a substantial contribution to the educational needs of the country without cost to the Federal Government.

The committee heard testimony that administrative problems are developing because the demands for housing loans are exceeding the loan funds available. It is the committee's desire that the Housing Agency will continue its close cooperation with the Department of Health, Education, and Welfare in administering this program, and that these agencies can devise some system of priorities whereby those colleges and universities which have the greatest need for Federal loans will receive preference.

The committee also learned that the existing law is silent with respect to the eligibility of schools whose sole functions are the training of ministers, priests, rabbis, and other divinity students. Consequently, the bill specifically provides that such schools will be eligible for college housing loans.

## RESEARCH

This bill would authorize and direct the Housing Administrator to undertake a comprehensive research program, covering the supply and demand factors affecting the housing market, mortgage market problems, the need for low-income- and middle-income-housing, housing for elderly persons, and related subjects. The Federal Government's stake in the field of housing involves a contingent liability of many billions of dollars. The housing agencies are required every day to make intelligent economic judgments which can only be made on the basis of adequate factual information.

The committee has received a large volume of testimony citing the inadequacy of the factual information relating to the Nation's housing industry. For example, at hearings on mortgage market problems held this past year, the witnesses expressed widely varying views on many aspects of residential construction and mortgage financing, but all agreed unanimously as to the need for an expanded governmental research program in the field of housing. At legislative hearings, many witnesses urged the committee to authorize many different types of research. Several bills before the committee this year provided for research programs.

This bill includes the research subjects which the committee feels require the most urgent attention. One of the most urgent needs is information which will indicate present and prospective trends in the supply of and demand for housing. The characteristics of the housing market must be better known—the volume of sales, the terms of financing, the trends in prices, and the physical types and sizes of recently completed units. It is also necessary to have much more accurate information regarding the availability of housing credit under various conditions in the housing market and the effect of housing credit on the volume of construction.

The successful operation of FNMA is in large measure dependent upon the completeness and accuracy of that agency's information about mortgage market trends. The committee believes that a study of the economics of housing should focus major attention on the status and method of operation of FNMA.

Another example of the lack of sufficient information is in the field of housing for elderly persons. Among the topics that a research program could explore are: the extent and nature of the market for varying types of housing for elderly persons; the most practicable and suitable design, including mobile homes, of housing for elderly persons; the means of encouraging private enterprise to develop housing suitable for elderly persons; the extent, if any, to which elderly persons are discriminated against by mortgage lenders; the types of housing being provided by private enterprise, voluntary and nonprofit agencies, and public housing authorities for elderly persons, and residential design, assembly methods, and materials use in relation to cost, utility, and comfort.

Another aspect of the housing field that requires continuous re-examination is the extent to which adequate housing, both public and private, is available to the low-income and middle-income families of the Nation. A governmental housing program cannot proceed in an enlightened and orderly fashion unless the housing agencies are informed about the housing needs of the people at all income levels and in all parts of the country. The Housing Agency testified before the committee to the effect that it lacks adequate information about housing needs. Information about such needs, together with related statistics on the market supply and demand, are indispensable to the most effective administration of the HHFA.

In this bill the Housing Administrator is authorized to conduct research through the use of contracts and working agreements with established research organizations. He is authorized to enter into research contracts with agencies of State or local governments, educational institutions, and other nonprofit organizations. He is also authorized to make working agreements, on a reimbursable basis,



with other agencies of the Federal Government. These contracts and working agreements could not exceed \$500,000 during the fiscal year 1957, and this amount could be increased by an additional \$1 million on July 1, 1957, and \$1 million on July 1, 1958.

The housing industry is an integral part of the Nation's economy, and has made a major contribution toward economic expansion during the last decade. The adoption of the research provisions in this bill would yield dividends to the housing industry and the economy as a whole far in excess of the expenditure of the amount needed to finance the program.

#### FEDERAL SAVINGS AND LOAN ASSOCIATIONS

Since another provision of the bill raised the maximum permissible amounts of home improvement loans under the FHA title I home modernization insurance program, the committee feels that similar action should be taken with respect to the authority of Federal savings and loan associations to make such loans. Consequently, the bill raises from \$2,500 to \$3,500 the ceiling on property improvement loans which may be made by Federal savings and loan associations.

Under existing law, Federal savings and loan associations may not use more than 15 percent of their assets to make loans secured by property located more than 50 miles from the association's place of business. In order to stimulate the flow of long-term mortgage credit into capital shortage areas, or areas not adequately served by mortgage lenders, the committee increased this percentage limitation from 15 to 20 percent.

In view of the fact that many communities are not adequately served by institutions which supply long-term capital, the committee recommends that the Federal Home Loan Bank Board undertake a study to assess the need for chartering additional numbers of Federal savings and loan associations, and that the findings and recommendations resulting from this study be made available to the Banking and Currency Committees of the Senate and the House of Representatives.

#### COMMISSION ON NATIONAL HOUSING POLICY

As stated elsewhere in this report, the committee is concerned with the need for informed opinion on the prospective residential housing needs of the country and the capacity of the economy in general and of the building industry and mortgage market in particular to meet these needs. In an attempt to obtain this informed opinion, this bill establishes a Commission on National Housing Policy to conduct an inquiry on this subject and to report its findings to the Congress and the President by June 30, 1957. Interim reports may also be made.

The Commission would be composed of 11 members, as follows: The Administrator of the Housing and Home Finance Agency, the Administrator of Veterans' Affairs, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Federal Home Loan Bank Board, the Secretary of the Treasury, and six persons to be appointed by the President from private life, such persons to be selected on the basis of their qualifications and experience in the fields of housing or mortgage finance. Staff and other necessary expenses would be paid from appropriations authorized by the bill.

Among other things, the Commission would undertake a study of and report upon the short-term and long-term housing needs of the Nation, housing of low- and middle-income families, the discounting of Government-supported mortgages, the prospects for developing new sources of investment funds, and the extent to which resources of the Federal National Mortgage Association can be used to stabilize the mortgage market.

#### FARM HOUSING

The committee has carefully considered proposals to amend title V of the Housing Act of 1949. These amendments as reported would authorize (1) \$450 million for direct farm housing loans to be available during a 5-year period; (2) an additional \$10 million for contributions by the Secretary of Agriculture to prevent defaults in payments on loans for potentially adequate farms; and (3) an additional \$50 million, to be available during a 5-year period beginning July 1, 1956, for grants and loans for improvement and repair of certain farms as well as for enlargement and development of farms.

It is believed that these amendments will be especially beneficial to (1) capable young farmers with little accumulated money or resources who are finding it more and more difficult to meet the increasing capital requirements of farming in a period of drastic income decline, (2) families who have been unable to obtain the credit needed to construct or make changes in existing service buildings to keep pace with changing agricultural patterns, and (3) rural families that are not engaged in farming on a full-time basis because of inadequate land resources or other reasons.

During the entire life of the farm loan program under title V, some 19,000 initial loans were made for a total of \$97 million. The administration has not used this program since June 30, 1954, despite the need for it as shown by the increase in loans made under the Bankhead-Jones Act during the same period. Even though the Bankhead-Jones Act does not provide the full coverage of title V, its loan volume increased from \$28 million in 1954 to \$41 million for the first 10 months of 1955.

From the standpoint of economic soundness, the records of the title V farm loan program indicate that a great preponderance of the loans made have been sound. There have been very few foreclosures under the program.

Title V of the Housing Act of 1949 provides for:

(1) Loans for housing and buildings on adequate farms up to 33 years at not more than 4 percent interest.

(2) Similar loans for housing and buildings on potentially adequate farms, supplemented by annual contributions applied as a partial credit on interest and principal payments, to owners of farms which through enlargement or improvement can be made self-sustaining within a period of not more than 10 years.

(3) Loans and grants for minor improvements and minimum repairs to farmhouses and buildings to assure decent, safe, and sanitary housing and buildings, and loans to enlarge or develop farms.

Assistance can be provided to farm owners for themselves or for their tenants, lessees, sharecroppers, or laborers. A "farm" is defined as a parcel or parcels of land operated as a single unit which is used for the production of agricultural commodities and which customarily



produces or is capable of producing such commodities of a gross annual value of not less than the equivalent of \$400 in 1944.

Although these amendments authorize availability of some \$500 million over a 5-year period, it is not a new loan authority, but an effort to renew the unused loan authority which has accumulated under title V since its inception in 1949. Irrespective of the fact that more than \$100 million was authorized under title V for this fiscal year, no loans have been made thus far, and the Administration has only recently requested a supplemental appropriation of \$5 million to revive its lending activity under title V.

The committee wishes to emphasize the need for research and technical studies relating to the construction of adequate farm dwellings. Section 506 of title V of the Housing Act of 1949 specifically authorizes such research, and the committee believes that an aggressive program under this authority would do much toward improving living conditions of the Nation's low-income farm families. It is our intention that the Secretary of Agriculture use this authority and report his progress to the committee for its use in the next session of Congress.

#### HOSPITAL CONSTRUCTION

The bill would revive and extend to June 30, 1957, that portion of the Defense Housing and Community Facilities and Services Act of 1951, which authorizes loans or grants for hospital construction. One of the purposes of the act of 1951 was to provide needed community facilities in areas, designated as "critical" by the President, in which there was an influx of population caused by defense activities. During the life of this program, the applications of 6 communities were approved, but the applications from 22 other communities were pending at the time the authority under the act expired. The program contemplated undertakings on the part of local communities which in many instances required substantial expenditures of local funds. These expenditures were made in the expectation that the application for Federal assistance would be approved prior to the expiration of the law.

The committee is satisfied that the Federal Government has some moral obligation to help alleviate the critical shortage of hospital facilities in those defense areas where the locality undertook a program of hospital construction in the expectation that Federal funds would be available. Consequently, this bill extends this portion of the Defense Housing and Community Facilities and Services Act of 1951 for 1 year and authorizes expenditures of Federal funds up to \$5 million for each of the fiscal years ending June 30, 1956, and June 30, 1957.

#### SALE OF HOUSING PROJECTS

##### *Chinquapin Village*

Section 607 of the Lanham Act contains general authority for the disposition of war housing constructed under that act. In such disposition, preferences are granted to occupants and veterans.

This bill suspends section 607 of the Lanham Act to provide that in the case of project Virginia 44131 (Chinquapin Village) the project may be sold to the city of Alexandria, Va., or to the Alexandria Redevelopment and Housing Authority without regard to the preferences of the Lanham Act.

Any sale under this authorization would be made on the basis of an independent appraisal by a real estate expert and at fair market value. The amount received for the project must be reported to the Banking and Currency Committee of each House of the Congress. The provisions of the bill would be effective only during the period ending 6 months after the date of approval of the bill.

Chinquapin Village, consists of 300 dwelling units constructed in 1940 for defense workers. The underlying land comprises approximately 41 acres in the city of Alexandria, Va. The dwellings are duplexes of permanent frame construction. The project is currently almost 100 percent occupied.

No objection has been raised regarding the sale of this project.

### *Welles Village*

Public Law 345, 84th Congress, authorized the sale of war-housing project CONN-6028, known as Welles Village, to the housing authority of the town of Glastonbury, Conn. The authority to sell this property will terminate on August 11, 1956. The local housing authority of Glastonbury has indicated its desire to purchase the property, but the transfer cannot be made within the allotted time because financial arrangements are not yet completed. The housing authority, therefore, has requested an additional period of time within which to make this purchase.

This bill would grant an additional 12 months within which the housing authority of Glastonbury may purchase Welles Village.

## CITY PLANNING SCHOLARSHIPS AND FELLOWSHIPS

The committee received testimony that the achievement of the housing goals of the nation is severely hampered by the lack of qualified professional city planners and housing technicians and specialists. In order to help solve this problem, the bill contains a provision authorizing the Housing and Home Finance Administrator to grant scholarships and fellowships in public and private nonprofit institutions of higher education for the graduate training of professional city planning and housing technicians and specialists. Persons shall be selected for such scholarships solely on the basis of ability. The bill authorizes appropriations of \$500,000 annually for a 3-year period, beginning on or after July 1, 1956.

## CORDON RULE

In the opinion of the committee, it is necessary to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate in connection with this report.

## SECTION-BY-SECTION ANALYSIS

### TITLE I—FHA INSURANCE PROGRAMS

#### *Property improvement loans*

*Section 101.*—(a) Amends section 2 (a) of the National Housing Act to extend the title I property improvement program of the FHA 3 years until September 30, 1959.



(b) Amends section 2 (b) of the National Housing Act to: (1) increase the maximum permissible loan for improvement of existing single-family structures from \$2,500 to \$3,500; (2) permit the FHA Commissioner to increase the maximum maturity to 5 years on loans for improvement of single-family structures; (3) require an interest rate ceiling of 5 percent discount a year up to \$2,500 and 4 percent discount on that portion of a loan in excess of \$2,500; (4) increase the maximum permissible loan for the improvement of multifamily structures from \$10,000 to \$15,000, with an average of \$2,500 per family unit.

*Hazard insurance on FHA acquired properties*

*Section 102.*—Amends title I of the National Housing Act by adding a new section 10 to authorize the FHA Commissioner to establish a fire and hazard loss fund for self-insurance of acquired properties.

*Cooperative housing insurance*

*Section 103.*—Amends section 213 (b) (2) of the National Housing Act to reduce from 65 to 50 percent the proportion of veterans required to qualify the cooperative for a 95-percent mortgage loan and for higher room and unit mortgage amount limits. This amendment would also permit World War I veterans to be counted in determining the percentage of veteran cooperators.

*General mortgage insurance authorization*

*Section 104.*—Amends section 217 of the National Housing Act to increase the general insurance authorization of the FHA by adding \$3 billion to the amount of insurance outstanding as of July 1, 1956.

*Housing in urban-renewal areas*

*Section 105.*—Amends section 220 (d) (3) (B) (iii) to increase mortgage limits up to \$1,000 per room or per unit in high-cost urban-renewal areas. This increase is applicable to both elevator and garden-type apartments.

*Low-cost housing for displaced families*

*Section 106.*—Amends section 221 of the National Housing Act to: (1) increase the maximum permissible mortgage amount from \$7,600 to \$8,000 (from \$8,600 to \$10,000 in high-cost areas); (2) permit insurance of mortgages amounting to 100 percent of the value on both rental and sales housing, except that for sales housing the borrower must pay \$200 cash, which may include settlement costs, taxes, etc.; (3) increase the maximum maturity of insured loans from 30 to 40 years on both sales and rental housing.

*Cost certification of rental housing*

*Section 107.*—Amends section 227 of the National Housing Act to: (1) provide that a cost certification, when approved by the FHA Commissioner, shall be final and incontestable, except for fraud or misrepresentation on the part of the mortgagor; (2) provide that there shall be included in actual cost an allowance for sponsor's profit, in the case of a mortgage insured under section 220, up to but not over 10 percent of all project costs (not including the cost of land).

*Military housing*

*Section 108.*—(a) Amends section 801 (g) of the National Housing Act to permit construction of projects on Midway Island and in the Canal Zone.

(b) Amends section 803 (a) of the National Housing Act to: (1) Increase the FHA title VIII insurance authorization from \$1,363,500,000 to \$3 billion; and (2) extend the program for 3 years until September 30, 1959.

(c) Amends section 803 (b) (2) of the National Housing Act to require the Secretary of Defense, in programing additional military-housing units, to determine, with the approval of the FHA Commissioner, that the new units will not substantially curtail occupancy in existing housing covered by FHA-insured mortgages. If the FHA Commissioner does not approve additional units, and he requires the Secretary of Defense to guarantee the armed services housing mortgage insurance fund from loss, he shall report to the Committees on Banking and Currency of the Senate and House of Representatives each instance in which he required such a guaranty.

(d) Amends section 803 (b) (3) of the National Housing Act to increase the maximum average unit cost of military housing from \$13,500 to \$15,000 for any single project, and sets a servicewide ceiling on average unit cost of \$14,250.

(e) Amends section 803 (b) (3) of the National Housing Act and sections 403 (a) and 403 (b) of the Housing Amendments of 1955 to make a number of technical changes.

(f) Amends section 403 (a) of the Housing Amendments of 1955 to clarify the bonding requirements imposed upon contractors who build under this act.

(g) Amends section 405 of the Housing Amendments of 1955 to increase from \$9 million to \$18 million the total permissible monthly payment by the Armed Forces to amortize military housing mortgages.

(h) Amends section 406 of the Housing Amendments of 1955 to require plans and specifications to follow the principle of modular measure.

(i) Amends section 407 of the Housing Amendments of 1955 to permit the use of military construction funds for purposes other than the amortization of outstanding mortgages.

(j) Amends title IV of the Housing Amendments of 1955 by adding a new section 410 establishing maximum limits, based on military rank, on net floor area for each unit of military housing.

## TITLE II—HOUSING FOR ELDERLY PERSONS

### *Private housing for elderly persons*

*Section 201.*—(a) Amends section 203 (b) (2) of the National Housing Act to permit a third party to pay the required downpayment for a mortgage 60 years of age or over.

(b) Amends title II of the National Housing Act by adding a new section 229 to enable the FHA to insure mortgages financing the construction or rehabilitation of housing for elderly persons 60 years of age or over, as follows:

(1) On sales housing, mortgage insurance could be up to 100 percent of value, except that the borrower must pay \$200 cash, which may include settlement cost, taxes, etc. The maximum mortgage amount is set at \$8,000 (\$10,000 in high-cost areas). The maximum maturity would be 40 years.

(2) On rental housing, mortgage insurance would be available for 2 classes of mortgages: if the mortgagor is an acceptable public or



private nonprofit organization, or a public body of any type, an insured mortgage would be up to 100 percent of value, the maximum mortgage amount would be \$12,500,000, with a per unit ceiling of \$8,000 (\$10,000 in high-cost areas); for all other mortgagors, an insured mortgage would be up to 90 percent of value, the maximum mortgage amount would be \$12,500,000, with a per unit ceiling of \$7,200 (\$9,000 in high-cost areas). The maximum maturity would be 40 years.

(3) On both sales housing and rental housing for elderly persons, third parties may provide financial assistance. On sales housing, a third party may pay the required downpayment. On rental housing, a third party may contribute toward rental payments, and may assist in meeting equity requirements.

(4) An elderly persons housing insurance fund is established as a revolving fund for carrying out the provisions of this new section. A sum of \$1 million is authorized to be transferred from the war housing insurance fund.

(c) Requires that mortgages secured by section 229 housing are subject to existing requirements in the National Housing Act covering labor standards, transfer of moneys among insurance funds, availability of FHA appraisals to purchasers, cost certification, and transient occupancy.

(d) Amends section 305 of the National Housing Act to authorize FNMA to enter into advance commitment contracts, up to \$50 million outstanding at any one time, on elderly persons housing. A maximum of \$5 million of this authorization (revolving) would be available in any one State.

#### *Public housing for elderly persons*

*Section 202.*—(a) Amends section 2 of the United States Housing Act of 1937 to permit the admission to public housing of a single person 65 years of age or over.

(b) Amends section 10 of the United States Housing Act of 1937 by adding a new subsection (m) to authorize 15,000 units for elderly persons for each of 5 years beginning July 1, 1956, and increases the authorization provided for annual contributions by \$6 million a year for 5 years. This authorization would be in addition to any other authorization for low-rent public-housing units. Elderly persons would be eligible on a first-preference basis for admission to units specifically designed for them and on a first-preference basis to any suitable units in other public-housing projects. The requirement that persons admitted to low-rent public-housing units must come from unsafe and insanitary dwellings or be displaced by Government action would be waived in the case of elderly persons.

(c) Amends section 15 (5) of the United States Housing Act of 1937 to authorize an increase, from \$1,750 to \$2,250 per room, in the maximum cost, if the unit is specifically designed for elderly persons.

(d) Amends section 21 (d) of the United States Housing Act of 1937 to increase the total authorization for annual contributions by \$30 million.

#### *Elderly persons advisory committee*

*Section 203.*—Requires the Housing Administrator to establish an advisory committee on matters relating to housing for elderly persons.



## TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

*Section 301.*—Amends section 302 (b) of the National Housing Act to remove the \$15,000 ceiling on mortgages covering housing in Alaska, Guam, and Hawaii when purchased under the Association's special assistance functions.

*Section 302.*—Amends section 303 (b) of the National Housing Act to reduce the amount of FNMA stock, which sellers of mortgages are required to buy, from a minimum of 3 percent of the unpaid principal of the mortgage to a minimum of 1 percent.

*Section 303.*—Amends section 304 (a) of the National Housing Act to change the criterion for FNMA purchases from "at the market price" to "within the range of market prices."

*Section 304.*—(a) Amends section 305 (b) of the National Housing Act to require FNMA to purchase at par all mortgages acquired under its special assistance functions.

(b) Amends section 305 (e) of the National Housing Act to require that the FNMA \$5 million advance commitment limit per State for cooperative housing mortgages be operated as a revolving fund.

*Sections 305 and 306.*—Amend section 305 and 306 of the National Housing Act to correct a printer's error and to eliminate an obsolete provision.

## TITLE IV—SLUM CLEARANCE AND URBAN RENEWAL

*Section 401.*—Amends section 102 (d) of the Housing Act of 1949 to authorize HHFA to make urban renewal planning advances to a single local public body acting on behalf of all local bodies having authority for surveys and plans for an urban renewal project.

*Section 402.*—(a) Amends section 105 (a) and section 110 (b) of the Housing Act of 1949 to enable the HHFA to make loans or capital grants on the basis of a local plan covering a general urban renewal area, without requiring the local public agency to identify and submit in advance a plan for the redevelopment of a particular project area.

(b) Amends section 110 (c) of the Housing Act of 1949 to change the definition of "urban renewal project" in two respects. First, the various parts of the definition would be rearranged to consolidate the provisions relating to slum clearance and redevelopment with those relating to rehabilitation and conservation. Second, the requirement that an urban renewal project area be predominantly residential would apply to the entire urban renewal area, including the parts to be rehabilitated.

(c) Amends section 110 (d) of the Housing Act of 1949 to provide that the cost of public facilities financed through special assessments against real property in a project area may be counted as a local grant-in-aid contribution, where the property is to be rehabilitated but not acquired.

(d) Amends section 110 (e) of the Housing Act of 1949 to authorize local public agencies that do not pay taxes on land held for urban renewal purposes to include an amount equal to such taxes in computing their gross project costs.

*Section 403.*—(a) Amends section 102 (d) of the Housing Act of 1949 to permit advances for "general neighborhood renewal plans" for urban renewal areas of such scope that urban renewal therein may be carried out in stages rather than in a single project.

(b) Amends section 104 of the Housing Act of 1949 to provide that local grants-in-aid shall be a maximum of one-third of aggregate net project costs.

(c) Amends section 103 (b) of the Housing Act of 1949 to increase the capital grant authorization under the slum clearance and urban renewal program from \$200 million to \$250 million for the years beginning July 1, 1955, and July 1, 1956.

*Section 404.*—Amends section 106 of the Housing Act of 1949 to provide financial assistance to an individual, family, or business concern displaced from an urban renewal area, as follows: (1) not to exceed \$100 for necessary moving expenses for any individual or family; and (2) not to exceed \$2,000 for any business concern for business losses, including loss of goodwill and necessary moving expenses.

#### TITLE V—PUBLIC HOUSING

##### *Low-rent public housing*

*Section 501.*—(a) Amends section 10 (i) of the United States Housing Act of 1937 to restore the public housing program to the numbers originally provided in the Housing Act of 1949; i. e., a total program of 810,000 units, to be constructed at an annual rate of 135,000 units. For the fiscal year 1956, the authorization of 135,000 units may be increased by the unused portion of the 45,000 units authorized for the fiscal year 1955 under prior legislation. The President is authorized to increase the 135,000 unit figure by 65,000 units, or decrease it by 85,000, upon a determination that economic conditions warrant such a change.

(b) Amends section 13 of the United States Housing Act of 1937 to authorize the PHA to establish general physical standards covering public housing projects, and requires it to allow local agencies maximum discretion as to size of project, type of dwellings, and project densities and design.

(c) Amends section 21 (d) of the United States Housing Act of 1937 to increase from 10 percent to 15 percent the maximum portion of annual contribution and grant funds for public housing which may be made to any one State.

(d) Repeals certain portions of the United States Housing Act of 1937 and certain provisions in appropriation acts to eliminate restrictions that have been placed upon the original public housing provisions of the Housing Act of 1949.

##### *Farm-labor camps*

*Section 502.*—Amends section 12 of the United States Housing Act of 1937 to direct the PHA, upon request, to transfer farm-labor camps to local public housing agencies, without compensation, and within 12 months of enactment. First occupancy preference is given to low-income agricultural workers, and second preference to other low-income workers. Mineral rights are reserved for the United States.

##### *Disposition of defense housing*

*Section 503.*—(a) Provides for the transfer of 41 temporary defense housing projects constructed or acquired under the Defense Housing and Community Facilities Act of 1951, and two Lanham Act war housing projects, from the Housing Agency to the Department of Defense, effective July 1, 1956.



(b) Provides that 1951 act defense housing not transferred to the Department of Defense must be disposed of as expeditiously as possible, not later than June 30, 1957, on a competitive bid basis; project IDA-2D1 at Cobalt, Idaho, to be sold for on-site use only.

(c) Directs the HHFA to convey the Lanham Act Tonomy Hill project (RI-37013) at Newport, R. I., to the Housing Authority of the city of Newport, and the Lanham Act Passayunk projects (PA-36011 and PA-36012) in Philadelphia, Pa., to the Housing Authority of the city of Philadelphia.

(d) Amends the Lanham Act by adding a new section 614 to accelerate the disposition of those projects which must be sold for off-site use or as entire projects.

#### TITLE VI—MISCELLANEOUS

##### *College housing*

*Section 601.*—(a) Amends section 401 (d) of the Housing Act of 1950 to increase the revolving fund for college housing loans from \$500 million to \$750 million.

(b) Amends section 404 (b) of the Housing Act of 1950 to permit HHFA to make college housing loans to divinity schools.

##### *Research*

*Section 602.*—Authorizes and directs the Housing Administrator to conduct a research program covering the supply and demand factors affecting the housing market, mortgage market problems, the need for low-income and middle-income housing, housing for elderly persons, and related subjects. The Administrator is authorized to enter into research contracts with agencies of State or local governments, educational institutions, and other nonprofit organizations, and to make working agreements, on a reimbursable basis, with other agencies of the Federal Government. These contracts and working agreements must not exceed \$500,000 during the fiscal year 1957, and this amount shall be increased by an additional \$1 million on July 1, 1957, and \$1 million on July 1, 1958.

##### *Federal savings and loan associations*

*Section 603.*—(a) and (b) Amend section 5 (c) of the Home Owners' Loan Act of 1933 to permit Federal savings and loan associations to increase their maximum permissible home-improvement loan from \$2,500 to \$3,500, and to permit them to increase from 15 to 20 percent the proportion of their assets that may be loaned on property located beyond 50 miles from the association.

##### *Commission on National Housing Policy*

*Section 604.*—Provides for the establishment of a Commission on National Housing Policy, to make recommendations, by June 30, 1957, relating to the short-term and long-term housing needs of the Nation; the discounting of Government-supported mortgages; the prospects for developing new sources of investment funds; the extent to which the resources of FNMA can be used to stabilize the mortgage market; and ways and means of increasing the supply of adequate housing for families of moderate income. The Commission would consist of 11 members—5 officials from the executive branch of the Federal Government, and 6 persons to be appointed by the President from private life.



*Farm housing*

*Section 605.*—Amends title V of the Housing Act of 1949 to authorize, for a 5-year period beginning July 1, 1956, and ending June 30, 1961, (1) \$450 million for farm housing loans, (2) \$10 million for contributions by the Secretary of Agriculture to prevent defaults in payments of loans for potentially adequate farms, and (3) \$50 million for grants and loans for improvement and repair of certain farms.

*Hospital construction*

*Section 606.*—Revives and extends, until June 30, 1957, the authority of the Housing Administrator to make hospital construction loans or grants or other payments under the Defense Housing and Community Facilities and Services Act of 1951, in cases where loans, grants or payments were denied solely because of the unavailability of funds. For each of the fiscal years 1956 and 1957, the sum of \$5 million is authorized to be expended from appropriations.

*Sale of housing projects*

*Section 607.*—(a) Authorizes the Housing Administrator to sell VA-44131, the Chinquapin Village housing project, to the City of Alexandria, Va., or to the Alexandria Redevelopment and Housing Authority.

(b) Amends section 108 (c) of the Housing Amendments of 1955 to increase from 12 months to 24 months the period of time during which Lanham Act project CONN-6028 may be sold to the housing authority of the town of Glastonbury, Conn.

*City planning scholarships and fellowships*

*Section 608.*—Authorizes \$500,000 annually for a 3-year period, beginning July 1, 1956, to be used by the Housing and Home Finance Administrator to provide scholarships and fellowships in public and private nonprofit institutions of higher education for the graduate training of professional city planning and housing technicians and specialists.





Calendar No. 2022

84TH CONGRESS  
2D SESSION

**S. 3855**

[Report No. 2005]

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IN THE SENATE OF THE UNITED STATES

MAY 15 (legislative day, MAY 7), 1956

MR. SPARKMAN, from the Committee on Banking and Currency, reported the following bill; which was read twice and placed on the calendar

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**A BILL**

To extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Housing Amendments  
4       of 1956".

5       **TITLE I—FHA INSURANCE PROGRAMS**

6               **PROPERTY IMPROVEMENT LOANS**

7       SEC. 101. (a) Section 2 (a) of the National Housing  
8       Act, as amended, is hereby amended by striking out



1 "September 30, 1956," and inserting in lieu thereof  
2 "September 30, 1959,".

3 (b) Section 2 (b) of such Act, as amended, is amended  
4 by—

5 (1) striking out "made for the purpose of financing  
6 the alteration, repair, or improvement of existing struc-  
7 tures exceeds \$2,500, or for the purpose of financing  
8 the construction of new structures exceeds \$3,000" and  
9 inserting "exceeds \$3,500";

10 (2) striking out "except that" in clause (2) and  
11 inserting "except that the Commissioner may increase  
12 such maximum limitation to five years and thirty-two  
13 days if he determines such increase to be in the public  
14 interest after giving consideration to the general effect  
15 of such increase upon borrowers, the building industry,  
16 and the general economy, and"; and

17 (3) striking out the first proviso and inserting in  
18 lieu thereof the following: "*Provided*, That no insurance  
19 shall be granted under this section (A) in the case of  
20 any obligation in a principal amount of \$2,500 or less,  
21 representing any loan, advance of credit, or purchase  
22 made after the effective date of the Housing Amend-  
23 ments of 1956, if such obligation has a financing charge  
24 in excess of an amount equivalent to \$5 discount per  
25 \$100 original face amount of a one-year note to be

paid in equal monthly installments calculated from the date of the note, or (B) in the case of any such obligation in a principal amount in excess of \$2,500, if such obligation has a financing charge in excess of (i) an amount equivalent to \$5 discount per \$100 original face amount of a one-year note to be paid in equal monthly installments calculated from the date of the note, with respect to that part of the principal amount not in excess of \$2,500, and (ii) an amount equivalent to \$4 discount per \$100 original face amount of a one-year note to be paid in equal monthly installments calculated from the date of the note, with respect to that part of the principal amount which is in excess of \$2,500: *Provided further*, That such charges correctly based on tables of calculations issued by the Commissioner, or adjusted to eliminate minor errors in computations in accordance with requirements of the Commissioner, shall be deemed to comply with the preceding proviso: *And provided further*, That insurance may be granted to any such financial institution with respect to any obligation not in excess of \$15,000 (nor an average amount of \$2,500 per family unit), having a maturity not in excess of seven years and thirty-two days, representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the

1        purpose of financing the alteration, repair, improve-  
2        ment, or conversion of an existing structure used or  
3        to be used as an apartment house or a dwelling for  
4        two or more families:”.

5        HAZARD INSURANCE ON FHA ACQUIRED PROPERTIES

6        SEC. 102. Title I of the National Housing Act, as  
7        amended, is hereby amended by adding at the end thereof  
8        the following new section:

9        “SEC. 10. Notwithstanding any other provision of law,  
10       the Commissioner is hereby authorized to establish a Fire  
11       and Hazard Loss Fund which shall be available to provide  
12       such fire and hazard risk coverage as the Commissioner,  
13       in his discretion, may determine to be appropriate with re-  
14       spect to real property acquired and held by him under the  
15       provisions of this Act. For the purpose of operating such  
16       Fund, the Commissioner is authorized in the name of the  
17       Fund to transfer moneys and require payment of premiums  
18       or charges from any one or more of the several Insurance  
19       Funds established by this Act and from the account estab-  
20       lished pursuant to section 2 (f) of this Act, in such amounts  
21       and in such manner, including any repayments of such  
22       moneys, as the Commissioner, in his discretion, shall deter-  
23       mine. In carrying out the authority created by this sec-  
24       tion, the Commissioner and the Fire and Hazard Loss Fund  
25       shall be exempt from all taxation, assessments, levies, or li-



1 cense fees now or hereafter imposed by the United States, by  
 2 any Territory or possession thereof, or by any State, county,  
 3 municipality, or local taxing authority. Moneys in the Fire  
 4 and Hazard Loss Fund not needed for current operations  
 5 of the Fund shall be deposited with the Treasurer of the  
 6 United States to the credit of the Fund or invested in bonds  
 7 or other obligations of, or in bonds or other obligations  
 8 guaranteed as to principal and interest by, the United States  
 9 or in bonds or other obligations which are lawful investments  
 10 for fiduciary, trust, and public funds of the United States.

11 “Notwithstanding the provisions of this section, the  
 12 Commissioner is authorized to purchase such other insurance  
 13 protection as he may, in his discretion, determine, and he  
 14 may further provide for reinsurance of any risk assumed by  
 15 the Fire and Hazard Loss Fund.”

#### 16 COOPERATIVE HOUSING INSURANCE

17 SEC. 103. Section 213 (b) (2) of the National Housing  
 18 Act, as amended, is amended by—

19 (1) striking out “65 per centum” and inserting in  
 20 lieu thereof “50 per centum”; and

21 (2) amending the last proviso to read as follows:

22 “*And provided further, That for the purposes of this*  
 23 *section the word ‘veteran’ shall mean a person who has*  
 24 *served in the active military or naval service of the*  
 25 *United States at any time on or after April 6, 1917,*

1       and prior to November 12, 1918, or on or after Septem-  
2       ber 16, 1940, and prior to July 26, 1947, or on or  
3       after June 27, 1950, and prior to February 1, 1955.”

4       GENERAL MORTGAGE INSURANCE AUTHORIZATION

5       SEC. 104. Section 217 of the National Housing Act, as  
6       amended, is amended by—

7               (1) striking out “July 1, 1955” in the first sen-  
8       tence and inserting “July 1, 1956”;

9               (2) striking out “\$4,000,000,000” in the first  
10      sentence and inserting “\$3,000,000,000”; and

11              (3) striking out “section 2” in the first and second  
12      sentences and inserting “section 2 and section 803”.

13       HOUSING IN URBAN RENEWAL AREAS

14      SEC. 105. Paragraph (iii) of section 220 (d) (3) (B)  
15      of the National Housing Act, as amended, is amended by  
16      striking out in the first proviso thereof all that follows  
17      “construction and design” and inserting in lieu thereof a  
18      colon and the following: “*Provided further*, That the Com-  
19      missioner may, by regulation, increase any of the foregoing  
20      dollar amount limitations by not to exceed \$1,000 per room  
21      or per family unit, as the case may be, in any geographical  
22      area where he finds that cost levels so require:”.

23       LOW-COST HOUSING FOR DISPLACED FAMILIES

24      SEC. 106. Section 221 (d) of the National Housing  
25      Act, as amended, is amended by—

(1) striking out "\$7,600" in clauses (2) and (3) and inserting "\$8,000";

(2) striking out "\$8,600" in clauses (2) and (3) and inserting "\$10,000";

(3) striking out "95 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent" in clause (2) and inserting "the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence, less such amount as may be necessary to comply with the succeeding proviso: *Provided further*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least \$200 in cash or its equivalent (which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses)";



1           (4) striking out “95 per centum of” in clause (3) ;  
2           and

3           (5) striking out “thirty” in clause (4) and insert-  
4           ing “forty”.

5           COST CERTIFICATION OF RENTAL HOUSING

6           SEC. 107. Section 227 of the National Housing Act, as  
7           amended, is amended by—

8           (1) inserting the following new sentence between  
9           the first and second sentences: “Upon the Commis-  
10          sioner’s approval of the mortgagor’s certification as  
11          required hereunder such certification shall be final and  
12          incontestable, except for fraud or misrepresentation on  
13          the part of the mortgagor.”; and

14          (2) adding at the end of subsection (c) the fol-  
15          lowing: “In the case of a mortgage insured under sec-  
16          tion 220, there shall be included in the actual cost an  
17          allowance for sponsor’s profit of up to, but not exceed-  
18          ing, 10 per centum of all other items entering into the  
19          term ‘actual cost’; except any allowance for builder’s  
20          profit, land or amounts paid for a leasehold, amounts  
21          paid under a general construction contract where the  
22          mortgagor is not the builder as defined by the Commis-  
23          sioner, and amounts included under either (A) or (B)  
24          of clause (ii) of the preceding sentence.”

## MILITARY HOUSING

SEC. 108. (a) Section 801 (g) of the National Housing Act, as amended, is amended to read as follows:

“(g) The term ‘State’ includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, the Virgin Islands, the Canal Zone, and Midway Island.”

(b) Section 803 (a) of such Act, as amended, is amended (1) by striking out the first proviso and inserting in lieu thereof the following: “*Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955) shall not exceed \$3,000,-000,000”, and (2) by striking out in the last proviso “September 30, 1956” and inserting in lieu thereof “September 30, 1959”.

(c) Section 803 (b) (2) of such Act, as amended, is amended by striking out all that follows clause (i) and inserting in lieu thereof the following: “, and (ii) with the approval of the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation and that the mortgaged property will not,

1 so far as can reasonably be foreseen, substantially curtail  
2 occupancy in existing housing covered by mortgages insured  
3 under this Act. The housing accommodations shall comply  
4 with such standards and conditions as the Commissioner  
5 may prescribe to establish the acceptability of such property  
6 for mortgage insurance, except that the certification of the  
7 Secretary of Defense or his designee shall (for purposes of  
8 mortgage insurance under this title) be conclusive evidence  
9 to the Commissioner of the existence of the need for such  
10 housing. However, if the Commissioner does not concur  
11 in the housing needs as certified by the Secretary, the Com-  
12 missioner may require the Secretary to guarantee the Armed  
13 Services Housing Mortgage Insurance Fund against loss  
14 with respect to the mortgage covering such housing. The  
15 Commissioner shall report to the Committees on Banking  
16 and Currency of the Senate and the House of Representa-  
17 tives each instance in which he has required the Secretary  
18 to guarantee the Armed Services Housing Mortgage Insur-  
19 ance Fund, with reasons therefor. There are hereby author-  
20 ized to be appropriated such sums as may be necessary to  
21 provide for payment to meet losses arising from such guar-  
22 anty.”

23 (d) Clause (B) of section 803 (b) (3) of such Act,  
24 as amended, is amended to read as follows:

25 “(B) not to exceed with respect to any proj-



1           ect an average of \$15,000 per family unit, and with  
2           respect to all projects for any one of the armed  
3           services an average of \$14,250 per family unit, for  
4           such part of the property (including ranges, refrig-  
5           erators, shades, screens, and fixtures) as may be  
6           attributable to dwelling use: *Provided*, That such  
7           amounts shall be reduced by the average amount per  
8           family unit of the replacement cost, as determined  
9           by the Commissioner, of all usable utilities which  
10          are owned by the United States, and which are not  
11          provided for out of the proceeds of the mortgage,  
12          and are within the boundaries of the property or  
13          project; and”.

14          (e) (1) Section 803 (b) (3) (C) of such Act, as  
15          amended, is amended by striking out “eligible builder of”  
16          and inserting in lieu thereof “eligible bidder with respect to”.

17          (2) Sections 403 (a) and 403 (b) of the Housing  
18          Amendments of 1955 are amended by striking out “eligible  
19          builder” wherever the term appears therein and inserting  
20          in lieu thereof “eligible bidder”.

21          (3) Section 403 (a) of the Housing Amendments of  
22          1955 is amended by striking out the term “the builder”  
23          wherever appearing therein and inserting in lieu thereof  
24          the term “the mortgagor”.

1           (4) Section 403 (a) of the Housing Amendments of  
2 1955 is amended by striking out the term "with any builder".

3           (f) Section 403 (a) of the Housing Amendments of  
4 1955 is further amended by inserting immediately before  
5 the last sentence the following: "Any such contract shall  
6 provide for the furnishing by the contractor of a performance  
7 bond and a payment bond with a surety or sureties satis-  
8 factory to the Secretary of Defense, or his designee, and  
9 the furnishing of such bonds shall be deemed a sufficient  
10 compliance with the provisions of section 1 of the Act of  
11 August 24, 1935 (49 Stat. 793), and no additional bonds  
12 shall be required under such section."

13           (g) Section 405 of the Housing Amendments of 1955  
14 is amended by striking out "\$9,000,000" and inserting in  
15 lieu thereof "\$18,000,000".

16           (h) The second sentence of section 406 of the Housing  
17 Amendments of 1955 is amended by inserting after the  
18 colon immediately following the first proviso the following:  
19 "*Provided further*, That such plans, drawings, and specifica-  
20 tions shall follow the principle of modular measure, in order  
21 that the housing may be built by conventional construction,  
22 on-site fabrication, or factory fabrication, whichever the  
23 successful bidder may elect, or, in the case of a negotiated  
24 contract, whichever the contracting officer may determine  
25 to be in the best interest of the Government:".

1 (i) Section 407 of the Housing Amendments of 1955  
2 is amended by adding at the end thereof the following new  
3 subsection (c) :

4 “(c) Any funds heretofore or hereafter authorized to be  
5 expended by a military department for military construc-  
6 tion or by the Coast Guard for acquisition, construction, and  
7 improvements may, within the purposes specified in subsec-  
8 tion (a) above, be used for capital expenditures other than  
9 the amortization of outstanding mortgages.”

10 (j) Title IV of the Housing Amendments of 1955 is  
11 amended by adding at the end thereof the following new  
12 section:

13 “SEC. 410. (a) In the construction of housing under  
14 the authority of this title and title VIII of the National  
15 Housing Act, as amended, the following are the maximum  
16 limitations on net floor area for each unit:

17 “(1) For flag officers and general officers, two thousand  
18 one hundred square feet.

19 “(2) For captains in the Navy and colonels, one thou-  
20 sand six hundred and seventy square feet.

21 “(3) For commanders and lieutenant commanders and  
22 for lieutenant colonels and majors, one thousand four hundred  
23 square feet.

24 “(4) For officers below the grade of lieutenant com-



1 mander or major, one thousand two hundred and fifty square  
2 feet.

3 “(5) For enlisted members, one thousand and eighty  
4 square feet.

5 “In this section ‘net floor area’ means the space inside  
6 the exterior walls, excluding basement, service space instead  
7 of basement, attic, garage, and porches.

8 “(b) The maximum limitations prescribed by subsec-  
9 tion (a) are increased—

10 “(1) 10 per centum for quarters outside the United  
11 States;

12 “(2) 10 per centum for quarters of the commanding  
13 officer of any station, base or other installation, based  
14 on the grade authorized for that position.”

## 15 TITLE II—HOUSING FOR ELDERLY PERSONS

### 16 AMENDMENTS TO THE NATIONAL HOUSING ACT

17 SEC. 201. (a) Section 203 (b) (2) of the National  
18 Housing Act, as amended, is hereby amended by striking  
19 out the period at the end thereof and substituting a comma  
20 and the following: “except that with respect to a mortgage  
21 executed by a mortgagor who is sixty years of age or older,  
22 as of the date the mortgage is accepted for insurance, the  
23 mortgagor’s payment required by this proviso may be paid  
24 by a corporation or person other than the mortgagor under

1 such terms and conditions as the Commissioner may  
2 prescribe.”

3 (b) Title II of such Act, as amended, is amended by  
4 adding at the end thereof a new section as follows:

5 “ELDERLY PERSONS HOUSING INSURANCE

6 “SEC. 229. (a) The purpose of this section is to aid in  
7 the provision of housing for elderly persons and is designed to  
8 supplement systems of mortgage insurance under other pro-  
9 visions of this Act. The Commissioner shall prescribe such  
10 procedures as in his judgment are necessary to secure to  
11 elderly persons a preference or priority of opportunity to  
12 rent or purchase dwelling units in housing the construction  
13 or rehabilitation of which is assisted under this section, and  
14 to prevent the benefits of this section from being made  
15 available to any such person with respect to the purchase of  
16 more than one dwelling unit. Any housing the construction  
17 or rehabilitation of which is assisted under this section shall  
18 be of such design as to be suitable for occupancy by elderly  
19 persons and shall be conveniently located so as to provide  
20 to the maximum extent practicable for their comfort and wel-  
21 fare. As used in this section, the term ‘elderly person’ means  
22 a person sixty years of age or over, or a family the head of  
23 which or his spouse is sixty years of age or over.

24 “(b) The Commissioner is authorized, upon application

1 by the mortgagee, to insure under this section as hereinafter  
2 provided any mortgage which is eligible for insurance as  
3 provided herein and, upon such terms and conditions as the  
4 Commissioner may prescribe, to make commitments for the  
5 insurance of such mortgages prior to the date of their execu-  
6 tion or disbursement thereon.

7 “(c) As used in this section, the terms ‘mortgage’, ‘first  
8 mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’, and  
9 ‘State’, shall have the same meaning as in section 201 of this  
10 Act.

11 “(d) To be eligible for insurance under this section, a  
12 mortgage shall—

13 “(1) have been made to and be held by a mortgagee  
14 approved by the Commissioner as responsible and able  
15 to service the mortgage properly;

16 “(2) involve a principal obligation (including such  
17 initial service charges, appraisal, inspection, and other  
18 fees as the Commissioner shall approve) in an amount  
19 not to exceed \$8,000, except that the Commissioner may  
20 by regulation increase this amount to not to exceed  
21 \$10,000 in any geographical area where he finds that  
22 cost levels so require, and not to exceed the appraised  
23 value (as of the date the mortgage is accepted for in-  
24 surance) of a property upon which there is located a  
25 dwelling designed principally for a single-family resi-



1        dence; less such amount as may be necessary to comply  
2        with the succeeding proviso: *Provided*, That the mort-  
3        gagor shall be the owner and occupant of the property at  
4        the time of the insurance and such mortgagor (or other  
5        person or corporation satisfactory to the Commissioner)  
6        shall have paid on account of the property at least \$200  
7        in cash or its equivalent (which amount may include  
8        amounts to cover settlement costs and initial payments  
9        for taxes, hazard insurance, mortgage insurance pre-  
10       mium, and other prepaid expenses): *Provided further*,  
11       That nothing contained herein shall preclude the Com-  
12       missioner from issuing a commitment to insure and in-  
13       suring a mortgage pursuant thereto where the mort-  
14       gagor is not the owner and occupant and the property  
15       is to be built or acquired and repaired or rehabilitated  
16       for sale and the insured mortgage financing is required  
17       to facilitate the construction or the repair or rehabili-  
18       tation of the dwelling and provide financing pending  
19       subsequent sale thereof to a qualified owner-occupant,  
20       and in such instances the mortgage shall not exceed 85  
21       per centum of the appraised value; or

22       “(3) if executed by a mortgagor (other than a  
23       mortgagor referred to in paragraph (4) of this sub-  
24       section (d)) which, until the termination of all obliga-

1        tions of the Commissioner under this section, is regu-  
2        lated or restricted by the Commissioner as to rents,  
3        charges, and methods of operation, in such form and  
4        in such manner as, in the opinion of the Commissioner,  
5        will effectuate the purposes of this section, the mortgage  
6        may involve a principal obligation not in excess of  
7        \$12,500,000; and not in excess of \$7,200 per family  
8        unit for such part of such property or project as may  
9        be attributable to dwelling use, except that the Com-  
10       missioner may by regulation increase this amount to  
11       not to exceed \$9,000 in any geographical area where he  
12       finds that cost levels so require, and not in excess  
13       of 90 per centum of the Commissioner's estimate of the  
14       value of such property or project when constructed, or  
15       repaired and rehabilitated, for use as rental accommoda-  
16       tions for eight or more families eligible for occupancy  
17       as provided in this section; or

18       “(4) if executed by a mortgagor which is a public  
19       or private nonprofit corporation or association or other  
20       acceptable public body or political subdivision, regulated  
21       or supervised under Federal or State laws or by political  
22       subdivisions of States or agencies thereof, as to rents,  
23       charges, and methods of operation, in such form and in  
24       such manner as, in the opinion of the Commissioner, will  
25       effectuate the purposes of this section, the mortgage may

involve a principal obligation not in excess of \$12,500,-  
000; and not in excess of \$8,000 per family unit for such  
part of such property or project as may be attributable  
to dwelling use, except that the Commissioner may by  
regulation increase this amount to not to exceed \$10,000  
in any geographical area where he finds that cost levels  
so require, and not in excess of the Commissioner's  
estimate of the value of the property or project when  
constructed, or repaired and rehabilitated, for use as  
rental accommodations for eight or more families eligible  
for occupancy as provided in this section; and

“(5) provide for complete amortization by periodic  
payments within such terms as the Commissioner may  
prescribe, but not to exceed forty years from the date  
of insurance of the mortgage or three-quarters of the  
Commissioner's estimate of the remaining economic life  
of the building improvements, whichever is the lesser;  
bear interest (exclusive of premium charges for insur-  
ance and service charge, if any) at not to exceed 5 per  
centum per annum on the amount of the principal obli-  
gation outstanding at any time, or not to exceed such per  
centum per annum not in excess of 6 per centum as the  
Commissioner finds necessary to meet the mortgage mar-  
ket; and contain such terms and provisions with respect  
to the application of the mortgagor's periodic payment



1 to amortization of the principal of the mortgage, insur-  
2 ance, repairs, alterations, payment of taxes, default re-  
3 serves, delinquency charges, foreclosure proceedings,  
4 anticipation of maturity, additional and secondary liens,  
5 and other matters as the Commissioner may in his dis-  
6 cretion prescribe.

7 “(e) The Commissioner may at any time, under such  
8 terms and conditions as he may prescribe, consent to the re-  
9 lease of the mortgagor from his liability under the mortgage  
10 or the credit instrument secured thereby, or consent to the  
11 release of parts of the mortgaged property from the lien of  
12 the mortgage.

13 “(f) The property or project shall comply with such  
14 standards and conditions as the Commissioner may pre-  
15 scribe to establish the acceptability of such property for  
16 mortgage insurance. Without restricting the authority of  
17 the Commissioner under this Act, the Commissioner is  
18 hereby authorized (with respect to a mortgagor under para-  
19 graph (2), (3), or (4) of subsection (d)) to con-  
20 sider for purposes of mortgage insurance eligibility under  
21 this section, any financial arrangement, or guarantee or en-  
22 dorsement of the mortgage, with respect to such property  
23 or project by a person or corporation, other than the mort-  
24 gator, acceptable to the Commissioner. No mortgage shall  
25 be accepted for insurance under this section unless the

1 Commissioner finds that the property or project, with  
2 respect to which the mortgage is executed, is economically  
3 sound.

4 “(g) The mortgagee shall be entitled to receive the  
5 benefits of the insurance as hereinafter provided—

6 “(1) as to mortgages meeting the requirements of  
7 paragraph (2) of subsection (d) of this section, as  
8 provided in section 204 (a) of this Act with respect  
9 to mortgages insured under section 203, and the pro-  
10 visions of subsections (b), (c), (d), (e), (f), (g),  
11 and (h) of section 204 of this Act shall be applicable  
12 to such mortgages insured under this section, except  
13 that all references therein to the Mutual Mortgage  
14 Insurance Fund or the Fund shall be construed to refer  
15 to the Elderly Persons Housing Insurance Fund, and  
16 all references therein to section 203 shall be construed  
17 to refer to this section; or

18 “(2) as to mortgages meeting the requirements  
19 of paragraph (3) or paragraph (4) of subsection (d)  
20 of this section, as provided in section 207 (g) of this  
21 Act with respect to mortgages insured under said section  
22 207, and the provisions of subsections (h), (i), (j),  
23 (k), and (l) of section 207 of this Act shall be appli-  
24 cable to such mortgages insured under this section, and  
25 all references therein to the Housing Insurance Fund

1 or the Housing Fund shall be construed to refer to the  
2 Elderly Persons Housing Insurance Fund.

3 “(h) The provisions of section 221 (g) (3) of this  
4 Act shall be applicable to mortgages insured under this  
5 section.

6 “(i) There is hereby created an Elderly Persons Hous-  
7 ing Insurance Fund which shall be used by the Commis-  
8 sioner as a revolving fund for carrying out the provisions  
9 of this section, and the Commissioner is hereby authorized  
10 to transfer to such fund the sum of \$1,000,000 from the  
11 War Housing Insurance Fund established pursuant to the  
12 provisions of section 602 of this Act. General expenses of  
13 operation of the Federal Housing Administration under this  
14 section may be charged to the Elderly Persons Housing  
15 Insurance Fund.

16 “Moneys in the Elderly Persons Housing Insurance  
17 Fund not needed for the current operations of the Federal  
18 Housing Administration under this section shall be deposited  
19 with the Treasurer of the United States to the credit of such  
20 Fund, or invested in bonds or other obligations of, or in  
21 bonds or other obligations guaranteed as to principal and  
22 interest by, the United States. The Commissioner may,  
23 with the approval of the Secretary of the Treasury, purchase  
24 in the open market debentures issued under the provisions  
25 of this section. Such purchases shall be made at a price



1 which will provide an investment yield of not less than the  
2 yield obtainable from other investments authorized by this  
3 section. Debentures so purchased shall be canceled and not  
4 reissued.

5 “Premium charges, adjusted premium charges, and ap-  
6 praisal and other fees received on account of the insurance  
7 of any mortgage accepted for insurance under this section,  
8 the receipts derived from the property covered by such mort-  
9 gage and claims assigned to the Commissioner in connection  
10 therewith shall be credited to the Elderly Persons Housing  
11 Insurance Fund. The principal of, and interest paid and to  
12 be paid on, debentures issued under this section, cash adjust-  
13 ments, and expenses incurred in the handling, management,  
14 renovation, and disposal of properties acquired under this  
15 section shall be charged to such fund.”

16 (c) (1) Subsection (a) of section 212 of such Act,  
17 as amended, is amended by inserting “or under paragraph  
18 (3) or (4) of subsection (d) of section 229 of this title,”  
19 immediately following the phrase “or under section 213 of  
20 this title,”.

21 (2) Section 219 of such Act, as amended, is amended  
22 by inserting “the Elderly Persons Housing Insurance Fund,”  
23 immediately following “the Defense Housing Insurance  
24 Fund,”.

1       (3) Section 226 of such Act, as amended, is amended  
2 by inserting "229," immediately following "222,".

3       (4) Subsection (a) of section 227 of such Act, as  
4 amended, is amended (1) by inserting "(v) under section  
5 229 if the mortgage meets the requirements of paragraph  
6 (3) or (4) of subsection (d) thereof," immediately follow-  
7 ing "paragraph (3) of subsection (d) thereof," and (2)  
8 by redesignating clauses (v) and (vi) as (vi) and (vii),  
9 respectively.

10       (5) Subsection (e) of section 513 of such Act, as  
11 amended, is amended by inserting "under paragraph num-  
12 bered (3) or (4) of subsection (d) of section 229," im-  
13 mediately preceding the phrase "under section 608".

14       (d) Section 305 of such Act, as amended, is amended  
15 by adding at the end thereof a new subsection as follows:

16       “(g) Notwithstanding any other provision of this Act,  
17 the Association is authorized to enter into advance commit-  
18 ment contracts, which do not exceed \$50,000,000 outstand-  
19 ing at any one time, if such commitments relate to mortgages  
20 with respect to which the Federal Housing Commissioner  
21 shall have issued pursuant to section 229 a commitment  
22 to insure; but of such authorization not more than \$5,000,000  
23 outstanding at any one time shall be available for such  
24 commitments in any one State.”

1 AMENDMENTS TO THE UNITED STATES HOUSING ACT OF  
2 1937

3 SEC. 202. (a) Paragraph (2) of section 2 of the  
4 United States Housing Act of 1937 is amended by adding  
5 at the end thereof the following new sentences: "The term  
6 'families' includes (A) a person sixty-five years of age or  
7 over, and (B) the remaining member of a tenant family.  
8 The term 'elderly families' means families the head of which  
9 (or his spouse) is sixty-five years of age or over."

10 (b) Section 10 of such Act is amended by adding at  
11 the end thereof the following new subsection:

12 "(m) For the purpose of increasing the supply of low-  
13 rent housing for elderly families, the Authority may assist the  
14 construction of new housing in order to provide accom-  
15 modations designed specifically for such families, and may,  
16 with the approval of the President, after July 1, 1956,  
17 without regard to the provisions of any other law, enter  
18 into contracts for loans and annual contributions providing  
19 for not to exceed fifteen thousand new dwelling units designed  
20 specifically for such families (either as separate projects  
21 or as parts of projects), which number shall be increased by  
22 fifteen thousand dwelling units on July 1 of each of the years  
23 1957, 1958, 1959, and 1960, respectively. Such new dwell-  
24 ing units shall be in addition to the dwelling units for which



1 annual contributions contracts are authorized by any other  
2 provision of law. The total authorization otherwise provided  
3 for annual contributions under this Act shall be increased  
4 by \$6,000,000 per annum on July 1, 1956, and by the  
5 same amount on July 1 in each of the years 1957, 1958,  
6 1959, and 1960, respectively: *Provided*, That nothing herein  
7 shall be construed to prevent the provision of dwelling units  
8 designed for elderly families under such other authoriza-  
9 tions. Notwithstanding the provisions of subsection 10 (g),  
10 any local public housing agency, in respect to dwelling units  
11 suitable to the needs of elderly families, may extend a prior  
12 preference to such families and may waive the provisions of  
13 clause (ii) of section 15 (8) (b) with respect to such  
14 units: *Provided further*, That as among such families, the  
15 'First' preference in subsection 10 (g) shall apply."

16 (c) Section 15 (5) of such Act is amended by inserting  
17 immediately before the colon in the first sentence the fol-  
18 lowing: "or \$2,250 in the case of accommodations designed  
19 specifically for elderly families".

20 (d) Such Act is further amended by striking the figure  
21 "\$336,000,000" in subsection 21 (d) and substituting  
22 therefor the figure "\$366,000,000".

23 ADVISORY COMMITTEE

24 SEC. 203. The Housing and Home Finance Administra-

tor shall establish, in accordance with the provisions of section 601 of the Housing Act of 1949, as amended, an advisory committee on matters relating to housing for elderly persons (as defined in section 229 (a) of the National Housing Act, as amended).

### TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 301. Subsection (b) of section 302 of the National Housing Act, as amended, is amended by inserting before the period at the end thereof a comma and the following: “except that such \$15,000 limit shall not be applicable with respect to mortgages covering property located in Alaska, Guam, or Hawaii which are offered for purchase under section 305”.

SEC. 302. Subsection (b) of section 303 of the National Housing Act, as amended, is hereby amended by striking out the first sentence and inserting: “The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions equal to 2 per centum of the unpaid principal amounts of mortgages purchased or to be purchased by the Association from such seller or equal to such other greater or lesser percentage, but not less than 1 per centum thereof, as the Association may determine from time to time, taking into

1 consideration conditions in the mortgage market and the  
2 general economy.”

3 SEC. 303. Subsection (a) of section 304 of the National  
4 Housing Act, as amended, is hereby amended by striking  
5 out “at the market price” in the second sentence and insert-  
6 ing “within the range of market prices”.

7 SEC. 304. (a) Subsection (b) of section 305 of the  
8 National Housing Act, as amended, is amended by striking  
9 out the second sentence and inserting in lieu thereof the  
10 following: “Notwithstanding any other provision of this sec-  
11 tion, the price to be paid by the Association for mortgages  
12 purchased in its operations under this section shall be 100  
13 per centum of the unpaid principal amount thereof at the  
14 time of purchase, with adjustments for interest and any  
15 comparable items.”

16 (b) Subsection (e) of such section is amended by  
17 striking out all that follows the semicolon and inserting in  
18 lieu thereof the following: “but of such authorization not  
19 more than \$5,000,000 outstanding at any one time shall  
20 be available for such commitments in any one State.”

21 SEC. 305. (a) Subsection (c) of section 305 of the  
22 National Housing Act, as amended, is amended by striking  
23 out “purchasers” in the clause preceding the proviso and  
24 inserting in lieu thereof “purchases”.

25 (b) Subsection (f) of section 305 of such Act is



1 amended by striking out “by the Housing Amendments  
2 of 1955” and inserting in lieu thereof “on or after August 11,  
3 1955”.

4 SEC. 306. (a) Subsection (c) of section 306 of the  
5 National Housing Act, as amended, is amended by striking  
6 out in the last sentence thereof “and subsection (e) of this  
7 section”.

8 (b) Subsection (e) of section 306 of such Act is hereby  
9 repealed.

#### 10 TITLE IV—SLUM CLEARANCE AND URBAN 11 RENEWAL

12 SEC. 401. Section 102 (d) of the Housing Act of  
13 1949, as amended, is amended by adding at the end thereof  
14 the following: “Notwithstanding section 110 (h) or any  
15 other provision of this title, the Administrator may make  
16 advances of funds under this subsection for surveys and  
17 plans for an urban renewal project (including General  
18 Neighborhood Renewal Plans as hereinafter defined) to a  
19 single local public body which has the authority to under-  
20 take and carry out a substantial portion, as determined by  
21 the Administrator, of the surveys and plans or the project  
22 respecting which such surveys and plans are to be made:  
23 *Provided*, That the application for such advances shows,  
24 to the satisfaction of the Administrator, that the filing

1 thereof has been approved by the public body or bodies  
2 authorized to undertake the other portions of the surveys  
3 and plans or of the project which the applicant is not  
4 authorized to undertake.”

5 SEC. 402. (a) (1) Section 105 (a) of the Housing  
6 Act of 1949, as amended, is amended by striking out “(in-  
7 cluding any redevelopment plan constituting a part  
8 thereof) ”.

9 (2) Section 110 (b) of such Act is amended by strik-  
10 ing out clause (3) and the semicolon and the word “and”  
11 which immediately precede said clause and by inserting  
12 the word “and” after the semicolon at the end of clause (1).

13 (b) (1) Section 110 (c) of such Act is amended to  
14 read as follows:

15 “(c) ‘Urban renewal project’ or ‘project’ may include  
16 undertakings and activities of a local public agency in an  
17 urban renewal area for the elimination and for the preven-  
18 tion of the development or spread of slums and blight, and  
19 may involve slum clearance and redevelopment in an urban  
20 renewal area, or rehabilitation or conservation in an urban  
21 renewal area, or any combination or part thereof, in accord-  
22 ance with such urban renewal plan. Such undertakings and  
23 activities may include—

24 “(1) acquisition of (i) a slum area or a deterio-  
25 rated or deteriorating area, or (ii) land which is pre-

1        dominantly open and which because of obsolete platting,  
2        diversity of ownership, deterioration of structures or of  
3        site improvements, or otherwise, substantially impairs  
4        or arrests the sound growth of the community, or (iii)  
5        open land necessary for sound community growth which  
6        is to be developed for predominantly residential uses:  
7        *Provided*, That the requirement in paragraph (a) of this  
8        section that the area be a slum area or a blighted,  
9        deteriorated or deteriorating area shall not be applicable  
10       in the case of an open land project;

11            “(2) demolition and removal of buildings and im-  
12        provements;

13            “(3) installation, construction, or reconstruction of  
14        streets, utilities, parks, playgrounds, and other improve-  
15        ments necessary for carrying out in the urban renewal  
16        area the urban renewal objectives of this title in accord-  
17        ance with the urban renewal plan;

18            “(4) disposition of any property acquired in the  
19        urban renewal area (including sale, initial leasing or  
20        retention by the local public agency itself) at its fair  
21        value for uses in accordance with the urban renewal  
22        plan;

23            “(5) carrying out plans for a program of volun-  
24        tary repair and rehabilitation of buildings or other im-



1       provements in accordance with the urban renewal plan;  
2       and

3           “(6) acquisition of any other real property in the  
4       urban renewal area where necessary to eliminate un-  
5       healthful, insanitary or unsafe conditions, lessen density  
6       (including measures designed to reduce the vulnerability  
7       of metropolitan target zones from enemy attack), elimi-  
8       nate obsolete or other uses detrimental to the public  
9       welfare, or otherwise to remove or prevent the spread  
10      of blight or deterioration, or to provide land for needed  
11      public facilities.

12      “For the purposes of this title, the term ‘project’ shall  
13      not include the construction or improvement of any building,  
14      and the term ‘redevelopment’ and derivatives thereof shall  
15      mean development as well as redevelopment. For any of the  
16      purposes of section 109 hereof, the term ‘project’ shall not  
17      include any donations or provisions made as local grants-in-  
18      aid and eligible as such pursuant to clauses (2) and (3) of  
19      section 110 (d) hereof.

20      “Financial assistance shall not be extended under this  
21      title with respect to any urban renewal area which is not  
22      clearly predominantly residential in character unless such  
23      area will be a predominantly residential area under the  
24      urban renewal plan therefor: *Provided*, That, where such  
25      an area which is not clearly predominantly residential in

1 character contains a substantial number of slum, blighted,  
2 deteriorated or deteriorating dwellings or other living ac-  
3 commodations, the elimination of which would tend to pro-  
4 mote the public health, safety, and welfare in the locality  
5 involved and such area is not appropriate for predominantly  
6 residential uses, the Administrator may extend financial  
7 assistance for such a project, but the aggregate of the capital  
8 grants made pursuant to this title with respect to such  
9 projects shall not exceed 10 per centum of the total amount  
10 of capital grants authorized by this title.

11 "In addition to all other powers hereunder vested, where  
12 land within the purview of clause (1) (ii) or (1) (iii)  
13 of the first paragraph of this subsection (whether it be  
14 predominantly residential or nonresidential in character) is  
15 to be redeveloped for predominantly nonresidential uses,  
16 loans and advances under this title may be extended therefor  
17 if the governing body of the local public agency determines  
18 that such redevelopment for predominantly nonresidential  
19 uses is necessary and appropriate to facilitate the proper  
20 growth and development of the community in accordance  
21 with sound planning standards and local community ob-  
22 jectives and to afford maximum opportunity for the rede-  
23 velopment of the project area by private enterprise: *Pro-*  
24 *vided*, That loans and outstanding advances to any local  
25 public agency pursuant to the authorization of this sentence

1 shall not exceed  $2\frac{1}{2}$  per centum of the estimated gross project  
2 costs of the projects undertaken under other contracts with  
3 such local public agency pursuant to this title.”

4 (2) The first sentence of section 110 (d) of such Act  
5 is amended by striking out the words “either the second  
6 or third sentence” in clause (2) and inserting “the second  
7 sentence”.

8 (c) The first sentence of section 110 (d) of such Act  
9 is amended by striking out the phrase “, public facilities  
10 financed by special assessments against land in the project  
11 area,” in clause (3) and adding the following proviso before  
12 the period at the end of the sentence: “: *And provided fur-*  
13 *ther*, That in any case where a public facility furnished as  
14 a local grant-in-aid is financed in whole or in part by special  
15 assessments against real property in the project area acquired  
16 by the local public agency as part of the project, an amount  
17 equal to the total special assessments against such real prop-  
18 erty (or, in the case of a computation pursuant to the pro-  
19 viso immediately preceding, the estimated amount of such  
20 total special assessments) shall be deducted from the cost  
21 of such facility for the purpose of computing the amount of  
22 the local grants-in-aid for the project”.

23 (d) Section 110 (e) of such Act is amended by adding  
24 the following at the end thereof: “Where real property in  
25 the project area is acquired and is owned as part of the



1 project by the local public agency and such property is  
2 not subject to ad valorem taxes by reason of its ownership  
3 by the local public agency and payments in lieu of taxes are  
4 not made on account of such property, there may (with  
5 respect to any project for which a contract of Federal assist-  
6 ance under this title is in force or is hereafter executed) be  
7 included, at the discretion of the Administrator, in gross  
8 project cost an amount equal to the ad valorem taxes which  
9 would have been levied upon such property if it had been  
10 subject to ad valorem taxes, but in all cases prorated for the  
11 period during which such property is owned by the local  
12 public agency as part of the project, and such amount shall  
13 also be considered a cash local grant-in-aid within the pur-  
14 view of section 110 (d) hereof. Such amount, and the  
15 amount of taxes or payments in lieu of taxes included in  
16 gross project cost, shall be subject to the approval of the  
17 Administrator and such rules, regulations, limitations, and  
18 conditions as he may prescribe.”

19 SEC. 403. (a) (1) Section 102 (d) of the Housing  
20 Act of 1949, as amended, is amended by adding the follow-  
21 ing at the end thereof:

22 “In order to facilitate proper preliminary planning for  
23 the attainment of the urban renewal objectives of this title,  
24 the Administrator may also make advances of funds (in  
25 addition to those authorized above) to local public agencies

1 for the preparation of General Neighborhood Renewal Plans  
2 (as herein defined) for urban renewal areas of such scope  
3 that the urban renewal activities therein may have to be  
4 carried out in stages, consistent with the capacity and re-  
5 sources of the respective local public agency, over an esti-  
6 mated period of not more than ten years. No contract for  
7 advances for the preparation of a General Neighborhood  
8 Renewal Plan may be made unless the Administrator has  
9 determined that:

10 “(1) in the interest of sound community planning,  
11 it is desirable that the urban renewal area be planned  
12 for urban renewal purposes in its entirety;

13 “(2) the local public agency proposes to undertake  
14 promptly an urban renewal project embracing at least ten  
15 per centum of such area, upon completion of the General  
16 Neighborhood Renewal Plan and the preparation of  
17 an urban renewal plan for such project; and

18 “(3) the governing body of the locality has repre-  
19 sented that the General Neighborhood Renewal Plan will  
20 be used to the fullest extent feasible as a guide for the  
21 provision of public improvements in such area and that  
22 the plan will be considered in formulating codes and  
23 other regulatory measures affecting property in the area  
24 and in undertaking other local governmental activities

1       pertaining to the development, redevelopment, rehabili-  
2       tation and conservation of the area.

3   The contract for any such advance of funds for a General  
4   Neighborhood Renewal Plan shall be made upon the condi-  
5   tion that such advance shall be repaid, with interest at not  
6   less than the applicable going Federal rate, out of any  
7   moneys which become available to the local public agency  
8   for the undertaking of the first urban renewal project in  
9   such area: *Provided*, That in the event of the undertaking  
10   of any other project or projects in such area an appropriate  
11   allocation of the amount of the advance, with interest, may  
12   be effected to the end that each such project may bear its  
13   proper allocable part, as determined by the Administrator,  
14   of the cost of the General Neighborhood Renewal Plan.  
15   As used herein, a General Neighborhood Renewal Plan  
16   means a preliminary plan (conforming, in the determina-  
17   tion of the governing body of the locality, to the general  
18   plan of the locality as a whole and to the workable program  
19   of the community meeting the requirements of section 101)  
20   which outlines the urban renewal activities proposed for the  
21   area involved, provides a framework for the preparation of  
22   urban renewal plans and indicates generally, to the extent  
23   feasible in preliminary planning, the land uses, population  
24   density, building coverage, prospective requirements for



1 rehabilitation and improvement of property, and any por-  
2 tions of the area contemplated for clearance and rede-  
3 velopment.”

4 (2) Section 102 (d) of such Act, as amended, is  
5 further amended by striking “The Administrator may make  
6 advances of funds to local public agencies for” and inserting  
7 in lieu thereof “The Administrator may make advances of  
8 funds to local public agencies for surveys of urban areas to  
9 determine whether the undertaking of urban renewal projects  
10 therein may be feasible and for”.

11 (b) Section 104 of such Act, as amended, is amended  
12 to read as follows:

13 “SEC. 104. Every contract for capital grants under this  
14 title shall require local grants-in-aid in connection with the  
15 project involved. Such local grants-in-aid, together with the  
16 local grants-in-aid to be provided in connection with all other  
17 projects of the local public agency on which contracts for  
18 capital grants have theretofore been made, shall not be  
19 required in excess of one-third of the aggregate net project  
20 costs of all projects of the local public agency on which  
21 contracts for capital grants have been made.”

22 (c) Section 103 (b) of such Act, as amended, is  
23 amended by striking out “\$200,000,000” and inserting in  
24 lieu thereof “\$250,000,000”.

1        SEC. 404. Section 106 of the Housing Act of 1949, as  
2 amended, is amended by adding at the end thereof the fol-  
3 lowing new subsection:

4        “(f) The Administrator is hereby authorized to make  
5 payments to individuals, families, and business concerns to  
6 the extent necessary to compensate or reimburse them for  
7 the following expenses or losses, for which reimbursement  
8 or compensation is not otherwise made, resulting from their  
9 displacement from an urban renewal area included in an  
10 urban renewal project with respect to which a contract for  
11 capital grant or temporary loan with a local public agency  
12 has been executed under this title:

13        “(1) necessary moving expenses not to exceed  
14 \$100 for any individual or family; and

15        “(2) business losses, including loss of good will  
16 and necessary moving expenses, not to exceed \$2,000  
17 for any business concern.

18        “The Administrator shall prescribe reasonable rules and  
19 regulations for the making of payments in conformity with  
20 the purposes of this subsection. There is hereby authorized  
21 to be appropriated to the Administrator such sums as may  
22 be necessary to make payments under this subsection.”

## TITLE V—PUBLIC HOUSING

## LOW-RENT PUBLIC HOUSING

SEC. 501. (a) Subsection (i) of section 10 of the United States Housing Act of 1937, as amended, is amended to read as follows:

“(i) Notwithstanding any other provisions of law, the Authority shall not enter into any new contracts for loans or annual contributions for more than one hundred and thirty-five thousand additional dwelling units during any fiscal year: *Provided*, That in respect to the fiscal year 1957 such number shall be increased by the difference between forty-five thousand and the number of units for which new annual contribution contracts for additional units were entered into during the fiscal year 1956: *Provided further*, That (subject to the authorization of not to exceed eight hundred and ten thousand dwelling units) the number of additional dwelling units for which contracts may be entered into under this subsection during any fiscal year may be increased at any time or times by additional amounts aggregating not more than sixty-five thousand dwelling units, or may be decreased at any time or times by amounts aggregating not more than eighty-five thousand dwelling units, upon a determination by the President, after receiving advice



1 from the Council of Economic Advisers as to the general  
2 effect of such increase or decrease upon conditions in the  
3 building industry and upon the national economy, that such  
4 action is in the public interest.”

5 (b) Section 13 of such Act, as amended, is amended  
6 by adding at the end thereof a new subsection as follows:

7 “(f) The Authority shall establish general standards  
8 applicable to low-rent housing projects with respect to  
9 minimum space requirements and type of construction. The  
10 Authority shall allow, subject to the provisions of paragraph  
11 (5) of section 15 and consistent with such general standards  
12 as it may prescribe, the local public housing agencies a  
13 maximum amount of discretion with respect to the size of  
14 any housing project, the types of dwellings, and project  
15 densities and design.”

16 (c) Subsection (d) of section 21 of such Act, as  
17 amended, is amended by striking out the figure “10” in  
18 both places it appears and inserting in lieu thereof the  
19 figure “15”.

20 (d) There are hereby repealed—

21 (1) the third proviso and clause (2) of the eighth  
22 proviso appearing in that part of the First Independent  
23 Offices Appropriation Act, 1954, which is captioned

1       “Annual contributions:” under the heading “Public  
2       Housing Administration”;

3           (2) clause (2) of the third proviso, and the fourth  
4       proviso, appearing in that part of the Independent  
5       Offices Appropriation Act, 1953, which is captioned  
6       “Annual contributions:” under the heading “Public  
7       Housing Administration”;

8           (3) the fourth proviso appearing in that part of  
9       the Independent Offices Appropriation Act, 1952, which  
10      is captioned “Annual contributions:” under the heading  
11      “Public Housing Administration”;

12          (4) the sixth and seventh provisos appearing in  
13      that part of the first Independent Offices Appropriation  
14      Act, 1954, which is captioned “Annual contributions:”  
15      under the heading “Public Housing Administration”,  
16      and the fifth and sixth provisos under the same caption  
17      in the Independent Offices Appropriation Act, 1953;

18          (5) as of its effective date section 10 (j) of the  
19      United State Housing Act of 1937, as amended; and

20          (6) section 10 (l) of the United States Housing  
21      Act of 1937, as amended.

22                                      FARM-LABOR CAMPS

23      SEC. 502. Section 12 of the United States Housing Act

1 of 1937, as amended, is amended by adding the following at  
2 the end of subsection (f) : “Notwithstanding any other  
3 provisions of law, upon the filing of a request therefor  
4 within twelve months after the effective date of the Housing  
5 Amendments of 1956, the Authority shall relinquish, transfer,  
6 and convey, without monetary consideration, all of its rights,  
7 title, and interest in and with respect to any such project or  
8 any part thereof (including such land as is determined by  
9 the Authority to be reasonably necessary to the operation of  
10 such project and contractual rights to revenues, reserves, and  
11 other proceeds therefrom) to any public housing agency  
12 whose area of operation includes the project, upon a finding  
13 and certification by the public housing agency (which shall  
14 be conclusive upon the Authority) that the project is needed  
15 to house persons and families of low income and that prefer-  
16 ence for occupancy in the project will be given, first, to  
17 low-income agricultural workers and their families and,  
18 second, to other low-income persons and their families.  
19 Upon the relinquishment and transfer of any such project  
20 it shall cease to be a low-rent project within the meaning of  
21 this Act, and the Authority shall have no further jurisdic-



tion over the same, except that in any conveyance hereunder the Authority shall reserve to the United States of America any mineral rights of whatsoever nature upon, in, or under the property, including the right of access to and the use of such parts of the surface of the property as may be necessary for mining and saving the minerals. Any project or part thereof not relinquished or conveyed or under a contract for disposal pursuant to this subsection shall be disposed of by the Authority pursuant to subsection (e) of section 13 of this Act, notwithstanding the parenthetical clause in said subsection."

DISPOSITION OF DEFENSE HOUSING

SEC. 503. (a) Notwithstanding the provisions of any other law, there are hereby transferred to the jurisdiction of the Department of Defense, effective July 1, 1956, all right, title, and interest, including contractual rights and obligations and any reversionary interest, held by the Federal Government in and with respect to all real and personal property comprising the following housing projects:

Project Numbered	Location
ALA-1D1-----	Ozark, Alabama.
ALA-1D2-----	Ozark, Alabama.
ALA-2D1-----	Foley, Alabama.
ALA-2D2-----	Foley, Alabama.
ARIZ-1D1-----	Yuma, Arizona.
ARIZ-1D2-----	Yuma, Arizona.
ARIZ-3D1-----	Flagstaff, Arizona.
CAL-3D1-----	Oceanside, California.
CAL-3D2-----	Oceanside, California.
CAL-4D1-----	Miramar, California.
CAL-6D1-----	San Ysidro, California.
CAL-7D2-----	Barstow, California.
CAL-9D1-----	Barstow, California.
CAL-9D2-----	Barstow, California.
CAL-10D1-----	Twentynine Palms, California.
COLO-1D1-----	Colorado Springs, Colorado.
FLA-2D1-----	Green Cove Springs, Florida.
FLA-4D1-----	Milton, Florida.
FLA-8082-----	Pensacola, Florida.
FLA-8084-----	Pensacola, Florida.
GA-1D1-----	Hinesville, Georgia.
KAN-3D1-----	Hutchinson, Kansas.
ME-4D1-----	Brunswick, Maine .
MD-1D1-----	Bainbridge, Maryland.
MO-1D1-----	Waynesville, Missouri.
MO-2D1-----	Waynesville, Missouri.
MO-4D1-----	Waynesville, Missouri.
MO-5D1-----	Waynesville, Missouri.
NEV-2D1-----	Fallon, Nevada.
NC-1D1-----	Camp LeJeune, North Carolina.
NC-3D1-----	Camp LeJeune, North Carolina.
NC-4D1-----	Elizabeth City, North Carolina.
RI-1D1-----	Portsmouth, Rhode Island.
RI-2D1-----	Portsmouth, Rhode Island.
TEX-2D1-----	Kingsville, Texas.
TEX-3D1-----	Hondo, Texas.
TEX-5D1-----	Beeville, Texas.
TEX-5D2-----	Beeville, Texas.
TEX-6D1-----	Mission, Texas.
VA-6D1-----	Quantico, Virginia.
VA-10D1-----	Yorktown, Virginia.
VA-12D1-----	Yorktown, Virginia.
VA-13D1-----	Williamsburg, Virginia.

1 The provisions of title III of the Defense Housing and Com-  
2 munity Facilities and Services Act of 1951, as amended,  
3 and of the Act entitled "An Act to expedite the provision  
4 of housing in connection with national defense, and for other  
5 purposes", approved October 14, 1940, as amended, shall  
6 not apply to any property transferred hereunder and, except  
7 as otherwise provided herein, the laws relating to similar  
8 property of the Department of Defense shall be applicable  
9 to the property transferred.

10 (b) Notwithstanding the provisions of this or any  
11 other law, any housing constructed or acquired under the  
12 provisions of title III of the Defense Housing and Com-  
13 munity Facilities and Services Act of 1951, as amended,  
14 which is not transferred under the provisions of subsection  
15 (a) hereof shall, as expeditiously as possible, but not later  
16 than June 30, 1957, be disposed of on a competitive bid basis  
17 to the highest responsible bidder upon such terms and after  
18 such public advertisement as the Housing and Home Finance  
19 Administrator may deem in the public interest; except that  
20 the Administrator may reject any bid which he deems less  
21 than the fair market value of the property and may there-  
22 after dispose of the property by negotiation: *Provided, That*  
23 project numbered IDA-2D1 at Cobalt, Idaho, shall be sold  
24 only for use on the site.

25 (c) The Housing and Home Finance Administrator is



1 hereby directed to convey (pursuant to the provisions of  
2 section 606 of the Act entitled “An Act to expedite the  
3 provision of housing in connection with national defense, and  
4 for other purposes”, approved October 14, 1940, as  
5 amended) : (1) housing project numbered RI-37013 to  
6 the Housing Authority of the City of Newport, Rhode Island:  
7 *Provided*, That, notwithstanding the provisions of that section  
8 or of any other law, the agreement required by that section  
9 shall permit the use of the project in whole or in part for the  
10 housing of military personnel without regard to their income,  
11 and shall require the Authority, in selecting tenants, to give  
12 a first preference in respect to three hundred and sixty dwell-  
13 ing units to such military personnel as the Secretary of De-  
14 fense or his designee prescribes for three years after the date  
15 of conveyance and to give thirty days advance notice of  
16 available vacancies to such designee, and (2) housing proj-  
17 ects numbered PA-36011 and PA-36012 to the Housing  
18 Authority of Philadelphia, Pennsylvania.

19 (d) The Act entitled “An Act to expedite the provision  
20 of housing in connection with national defense, and for other  
21 purposes”, approved October 14, 1940, as amended, is  
22 amended by adding at the end thereof the following new  
23 section:

24 “SEC. 614. (a) Notwithstanding the provisions of this  
25 or any other law, (1) any housing to be sold on site deter-

1 mined by the Administrator to be permanent, located on  
2 lands owned by the United States and under the jurisdic-  
3 tion of the Administrator, which is not relinquished, trans-  
4 ferred, under contract of sale, sold or otherwise disposed of  
5 by the Administrator under other provisions of this Act or  
6 under the provisions of other law by January 1, 1957, except  
7 housing which is determined by the Administrator by that  
8 date to be suitable for sale in accordance with section 607  
9 (b) of this Act; and (2) any permanent housing to be  
10 sold off site which is not relinquished, transferred, under con-  
11 tract of sale, sold or otherwise disposed of prior to the effec-  
12 tive date of this section shall be disposed of, as expeditiously  
13 as possible, on a competitive basis to the highest responsible  
14 bidder upon such terms and after such public advertisement  
15 as the Administrator may deem in the public interest; ex-  
16 cept that the Administrator may reject any bid which he  
17 deems less than the fair market value of the property and  
18 may thereafter dispose of the property by negotiation.

19 “(b) Notwithstanding the provisions of this or any  
20 other law, all contracts entered into after the enactment of  
21 the Housing Amendments of 1956 for the sale, transfer, or  
22 other disposal of housing (other than housing subject to the  
23 provisions of section 607 (b) of this Act) determined by the  
24 Administrator to be permanent, except contracts entered into  
25 pursuant to subsection (a) hereof, shall require that if title

1 does not pass to the purchaser by April 1, 1957 (or within  
 2 sixty days thereafter if such time is necessary to cure defects  
 3 in title in accordance with the provisions of the contract), the  
 4 rights of the purchaser shall terminate and thereafter the  
 5 housing shall be sold under the provisions of subsection (a)  
 6 hereof. For the purposes of this subsection, title shall be  
 7 considered to have passed upon the execution of a conditional  
 8 sales contract.

9 “(c) The dates set forth in subsections (a) and (b)  
 10 of this section shall not be subject to change by virtue of  
 11 the provisions of section 611 of this Act.”

## 12 TITLE VI—MISCELLANEOUS

### 13 COLLEGE HOUSING

14 SEC. 601. (a) Subsection (d) of section 401 of the  
 15 Housing Act of 1950, as amended, is amended by striking  
 16 out “\$500,000,000” and inserting in lieu thereof “\$750,-  
 17 000,000”.

18 (b) Section 404 (b) of such Act, as amended,  
 19 is amended by striking out “and (2)” and insert-  
 20 ing in lieu thereof the following: “(2) any educational  
 21 institution (no part of the net earnings of which inures  
 22 to the benefit of any private shareholder or individual)  
 23 the courses of which are designed to train persons to carry  
 24 on the vocation of minister of a religious denomination.  
 25 and (3)”.



## RESEARCH

1  
2 SEC. 602. (a) The Housing and Home Finance Ad-  
3 ministrator is authorized and directed to undertake such  
4 programs of investigation, analysis, and research as he deter-  
5 mines to be necessary and appropriate in the exercise of  
6 his responsibilities, including the formulation and carrying  
7 out of national housing policies and programs. Without lim-  
8 iting such authority, such programs shall develop and supply  
9 data and information on—

10 (1) the housing inventory of the Nation and the  
11 production, use, and demolition and conversion of resi-  
12 dential structures, and such other factors as affect the  
13 total supply of housing;

14 (2) mortgage market problems;

15 (3) the extent to which adequate housing is avail-  
16 able to the low-income and middle-income families of  
17 the Nation through public and private means;

18 (4) housing for elderly persons;

19 (5) residential design, assembly methods, and ma-  
20 terials use in relation to cost, utility, and comfort; and

21 (6) characteristics of current and prospective hous-  
22 ing market demand.

23 (b) (1) In order to permit the Administrator to carry  
24 out the functions vested in him by subsection (a) of this  
25 section, he is hereby authorized to enter into contracts with

1 agencies of State or local governments and educational insti-  
2 tutions and other nonprofit organizations and into working  
3 agreements with departments and independent establish-  
4 ments and agencies of the Federal Government on a reim-  
5 bursable basis: *Provided*, That the total amount of such con-  
6 tracts and working agreements shall not exceed \$500,000  
7 during the fiscal year 1957, which amount shall be increased  
8 by further amounts of \$1,000,000 on July 1, 1957, and  
9 July 1, 1958, respectively.

10 (2) There are hereby authorized to be appropriated out  
11 of any money in the Treasury not otherwise appropriated  
12 such sums as may be necessary to carry out the purposes of  
13 this section, including administrative expenses which are  
14 hereby authorized, and amounts necessary to make payments  
15 pursuant to contracts or working agreements authorized  
16 under subsection (b) (1) of this section.

17 (3) The provisions of the third and fourth sentences of  
18 subsection (a) of section 301 of the Housing Act of 1948,  
19 as amended, shall apply to contracts and appropriations  
20 pursuant to this section.

21 (c) The Administrator may disseminate (without re-  
22 gard to the provisions of section 306 of the Penalty Mail  
23 Act of 1948 (39 U. S. C. 321n) ) any data or information  
24 acquired, or held under this section, including related data  
25 and information otherwise available to the Administrator

1 through the operation of the programs and activities of the  
2 Housing and Home Finance Agency, in such form as he  
3 shall determine to be most useful to departments, establish-  
4 ments and agencies of the Federal Government or State or  
5 local governments, to industry and to the general public.

6 (d) In carrying out the provisions of this section, the  
7 Administrator is hereby authorized to request and receive  
8 such information or data as he deems appropriate from pri-  
9 vate individuals, organizations, and other public agencies.  
10 Any such information or data shall be used only for the  
11 purposes for which it is supplied, and no publication shall  
12 be made by the Administrator whereby the information or  
13 data furnished by any particular person or establishment  
14 can be identified, except with the consent of such person  
15 or establishment.

16 (e) Nothing contained in this section shall limit any  
17 authority of the Administrator under title III of the Hous-  
18 ing Act of 1948, as amended, or any other provision of law.

19 HOME OWNERS' LOAN ACT OF 1933

20 SEC. 603. (a) Section 5 (c) of the Home Owners'  
21 Loan Act of 1933, as amended, is amended by striking out  
22 "\$2,500" in the proviso at the end of the second paragraph  
23 and inserting in lieu thereof "\$3,500".

24 (b) Section 5 (c) of such Act is further amended by



1 striking out "15 per centum" in the first sentence and insert-  
2 ing in lieu thereof "20 per centum".

3 COMMISSION ON NATIONAL HOUSING POLICY

4 SEC. 604. (a) The Congress finds that the general wel-  
5 fare and security of the Nation and the health and living  
6 standards of the people require a dynamic housing industry  
7 and an increasing availability of residential housing and re-  
8 lated community development. The Congress further finds  
9 that the periodic discounting of Government-supported mort-  
10 gages demonstrates the lack of an orderly mortgage market  
11 and tends to negate public policy, and that it may be desir-  
12 able to develop new sources of investment funds to meet the  
13 housing needs of the Nation. It is the purpose of this section  
14 to authorize an intensive study to be made of ways and means  
15 of encouraging a flow of investment capital to provide financ-  
16 ing, through an orderly and adequate market, sufficient to  
17 support a level of residential construction compatible with the  
18 housing demands and needs of the population and the capaci-  
19 ties of a balanced, high-level economy.

20 (b) (1) There is hereby established a commission to  
21 be known as the Commission on National Housing Policy  
22 (hereinafter referred to as the "Commission").

23 (2) The Commission shall be composed of eleven mem-  
24 bers as follows:

25 (A) The Administrator of the Housing and Home

1 Finance Agency, the Administrator of Veterans' Affairs, the  
2 Chairman of the Board of Governors of the Federal Reserve  
3 System, the Chairman of the Federal Home Loan Bank  
4 Board, and the Secretary of the Treasury, all ex officio;  
5 and

6 (B) Six persons to be appointed by the President  
7 from private life, such persons to be selected on the basis of  
8 their qualifications and experience in the field of housing  
9 or mortgage finance.

10 (3) The Chairman and the Vice Chairman of the Com-  
11 mission shall be selected by the Commission from among its  
12 members at its first meeting.

13 (4) Any vacancy in the Commission shall not affect  
14 its powers, but shall be filled in the same manner in which  
15 the original appointment was made.

16 (5) Six members of the Commission shall constitute  
17 a quorum.

18 (c) (1) The members of the Commission who are  
19 serving ex officio shall serve without compensation in addi-  
20 tion to that received for their other services in the Govern-  
21 ment, but they shall be reimbursed for travel, subsistence, and  
22 other necessary expenses incurred by them in the perform-  
23 ance of the duties vested in the Commission. The members  
24 of the Commission from private life may be paid transporta-  
25 tion expenses and not to exceed \$50 per diem in lieu of

1 subsistence as authorized by section 5 of the Act of August  
2 2, 1946, as amended (5 U. S. C. 73b-2).

3 (2) The Commission may—

4 (A) appoint and fix the compensation of such per-  
5 sonnel as it deems advisable without regard to the civil  
6 service laws and the Classification Act of 1949, as  
7 amended;

8 (B) make such expenditures (including expendi-  
9 tures for travel and not to exceed \$15 per diem in lieu  
10 of subsistence for witnesses appearing at the request of  
11 the Commission) for personal services, printing and  
12 binding, rent in the District of Columbia, and for such  
13 other matters as are necessary for the efficient execu-  
14 tion of its functions under this section; and

15 (C) procure, without regard to the civil service laws  
16 and the Classification Act of 1949, as amended, tempo-  
17 rary and intermittent services to the same extent as is  
18 authorized by section 15 of the Act of August 2, 1946  
19 (60 Stat. 810; 5 U. S. C. 55a), but at rates not to ex-  
20 ceed \$50 per diem for individuals.

21 (3) Service of an individual as a member of the Com-  
22 mission or employment of an individual by the Commission  
23 as an attorney or expert in any business or professional  
24 field, on a part-time or full-time basis, shall not be considered  
25 as service or employment bringing such individual within



1 the provisions of section 281, 283, 284, 434, or 1914 of  
2 title 18 of the United States Code, or section 190 of the  
3 Revised Statutes (5 U. S. C. 99).

4 (4) There are hereby authorized to be appropriated  
5 such sums as may be necessary to carry out the provisions  
6 of this section.

7 (d) The Commission is authorized and directed to con-  
8 duct an inquiry with respect to the current and prospective  
9 residential housing needs of the country and the capacity  
10 of the economy in general and of the building industry and  
11 mortgage market in particular to meet these needs. The  
12 Commission shall formulate recommendations which shall  
13 include but not be limited to the following subjects:

14 (1) The short-term and long-term housing needs of  
15 the Nation;

16 (2) The discounting of Government-supported mort-  
17 gages;

18 (3) Long-term prospects for developing new sources  
19 of investment funds to meet the housing needs of the Nation,  
20 including but not limited to private and semiprivate pension  
21 funds and trusts;

22 (4) The extent to which the resources of the Federal  
23 National Mortgage Association can be utilized to stabilize  
24 the mortgage market; and

1       (5) Ways and means of increasing the supply of ade-  
2 quate housing for families of moderate income.

3       (e) (1) The Commission may, in connection with  
4 its inquiries and studies under this section, hold such hearings  
5 and hear such witnesses as it may deem appropriate.

6       (2) All departments and agencies of the Government  
7 are authorized and directed to cooperate with the Commis-  
8 sion in its work and to furnish the Commission such informa-  
9 tion and assistance as it may require in the performance of  
10 its functions and responsibilities.

11       (f) The Commission may submit interim reports of its  
12 studies under subsection (d) to the Congress and the Presi-  
13 dent at such time or times as it deems advisable, and shall  
14 submit its final report with respect to such studies to the  
15 Congress and the President not later than June 30, 1957.  
16 The final report of the Commission shall include its recom-  
17 mendations (including recommendations for governmental  
18 action, either legislative or administrative, as it shall deem  
19 necessary) with respect to the matters referred to in subsec-  
20 tion (d), and such other related matters as it shall deter-  
21 mine to be appropriate. The Commission shall cease to  
22 exist ninety days after submission of its final report.

#### 23 FARM HOUSING

24       SEC. 605. (a) The first sentence of section 511 of the  
25 Housing Act of 1949, as amended, is amended to read as

1 follows: "The Secretary may issue notes and other obliga-  
2 tions for purchase by the Secretary of the Treasury for  
3 the purpose of making loans under this title (other than  
4 loans under section 504 (b) ). The total principal amount  
5 of such notes and obligations issued pursuant to this section  
6 during the period beginning July 1, 1956, and ending June  
7 30, 1961, shall not exceed \$450,000,000."

8 (b) Section 512 of such Act is amended to read as  
9 follows:

10 "SEC. 512. In connection with loans made pursuant to  
11 section 503, the Secretary is authorized to make commit-  
12 ments for contributions aggregating not to exceed \$10,000,-  
13 000 during the period beginning July 1, 1956, and ending  
14 June 30, 1961."

15 (c) Clause (b) of section 513 of such Act is amended  
16 to read as follows: "(b) not to exceed \$50,000,000 for  
17 grants pursuant to section 504 (a) and loans pursuant to  
18 section 504 (b) during the period beginning July 1, 1956,  
19 and ending June 30, 1961; and".

20 (d) This section shall take effect on July 1, 1956.

21 HOSPITAL CONSTRUCTION

22 SEC. 606. (a) Notwithstanding the provisions of sec-  
23 tion 104 of the Defense Housing and Community Facilities  
24 and Services Act of 1951, as amended, the authority under  
25 section 304 of such Act to make loans or grants, or other



1 payments to public and nonprofit agencies for the construc-  
2 tion of hospitals is hereby revived and extended with respect  
3 to public and nonprofit agencies which have, prior to June  
4 30, 1953, applied under such section 304 for such loans  
5 or grants, or other payments for the construction of hos-  
6 pitals, and have been denied such loans or grants, or other  
7 payments solely because of the unavailability of funds for  
8 such purpose.

9 (b) The authority granted by this section shall expire  
10 June 30, 1957.

11 (c) There is hereby authorized to be appropriated the  
12 sum of \$5,000,000 for the purposes of this section for each  
13 of the fiscal years ending June 30, 1956, and June 30, 1957.

14 SALE OF HOUSING PROJECTS

15 SEC. 607. (a) (1) Notwithstanding any other pro-  
16 visions of law, the Housing and Home Finance Adminis-  
17 trator is authorized to sell and convey at fair market value  
18 as determined by him on the basis of an appraisal made  
19 by an independent real-estate expert to the city of Alex-  
20 andria, Virginia, or to the Alexandria Redevelopment and  
21 Housing Authority, or to any agency or corporation estab-  
22 lished or sponsored in the public interest by such city, all  
23 of the right, title, and interest of the United States in and  
24 to the Chinquapin Village housing project, VA 44131, lo-  
25 cated in Alexandria, Virginia. Any sale pursuant to this

1 authorization shall be on such terms and conditions as the  
2 Administrator shall determine, and the amount received for  
3 the project shall be reported by the Administrator to the  
4 Banking and Currency Committee of the Senate and the  
5 Banking and Currency Committee of the House of Repre-  
6 sentatives.

7 (2) The provisions of this section shall be effective only  
8 during the period ending six months after the date of  
9 enactment of this Act.

10 (b) The last proviso of subsection (c) of section 108  
11 of the Housing Amendments of 1955 is amended by striking  
12 out "12" and inserting in lieu thereof "24".

13 CITY PLANNING SCHOLARSHIPS AND FELLOWSHIPS

14 SEC. 608. There is hereby authorized to be appropriated  
15 the sum of \$500,000 annually for a three-year period, com-  
16 mencing on or after July 1, 1956, to be used by the Housing  
17 and Home Finance Administrator for the purpose of pro-  
18 viding scholarships and fellowships in public and private  
19 nonprofit institutions of higher education for the graduate  
20 training of professional city planning and housing techni-  
21 cians and specialists. Persons shall be selected for such  
22 scholarships and fellowships solely on the basis of ability.





84<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

S. 3855

[Report No. 2005]

# A BILL

To extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes.

By Mr. SPARKMAN

MAY 15 (legislative day, MAY 7), 1956

Read twice and placed on the calendar

**S. 3855**

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**IN THE SENATE OF THE UNITED STATES**

MAY 22 (legislative day, MAY 7), 1956

Ordered to lie on the table and to be printed

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**AMENDMENT**

Intended to be proposed by Mr. LEHMAN (for himself, Mr. HILL, and Mr. SPARKMAN) to the bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes, viz: At the end of the bill add a new section as follows:

1           SERVICEMEN'S READJUSTMENT ACT OF 1944

2           SEC. . (a) The fourth sentence of subsection (a) of  
3 section 500 of the Servicemen's Readjustment Act of 1944,  
4 as amended, is amended by striking out "ten" the first time  
5 it appears therein and inserting in lieu thereof "thirteen".

6           (b) Paragraph (C) of subsection (b) of section 512  
7 of such Act is amended by striking out "1957" and inserting  
8 in lieu thereof "1960".

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# AMENDMENT

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Intended to be proposed by Mr. LEHMAN (for himself, Mr. HILL, and Mr. SPARKMAN) to the bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes.

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MAY 22 (legislative day, MAY 7), 1956

Ordered to lie on the table and to be printed



Calendar No. 2022

84TH CONGRESS  
2D SESSION

**S. 3855**

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IN THE SENATE OF THE UNITED STATES

MAY 22 (legislative day, MAY 7), 1956

Ordered to lie on the table and to be printed

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## **AMENDMENT**

Intended to be proposed by Mr. CAPEHART to the bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes, viz: On page 40, beginning with line 3, strike out all through line 21 on page 42 and insert in lieu thereof the following:

1       SEC. 501. (a) Subsection (i) of section 10 of the  
2       United States Housing Act of 1937, as amended, is hereby  
3       amended as of August 1, 1956, to read as follows:

4       “(i) Notwithstanding any other provisions of law the  
5       Authority may enter into new contracts for loans and annual  
6       contributions after July 31, 1956, for not more than thirty-  
7       five thousand additional dwelling units, which amount shall  
8       be increased by thirty-five thousand additional dwelling

1 units on July 1, 1957, and may enter into only such new  
2 contracts for preliminary loans in respect thereto as are  
3 consistent with the number of dwelling units for which con-  
4 tracts for annual contributions may be entered into here-  
5 under: *Provided*, That the authority to enter into new con-  
6 tracts for annual contributions with respect to each such  
7 thirty-five thousand additional dwelling units shall terminate  
8 two years after the first date on which such authority may  
9 be exercised under the foregoing provisions of this sub-  
10 section: *Provided further*, That no such new contract for  
11 annual contributions for additional units shall be entered  
12 into except with respect to low-rent housing for a locality  
13 respecting which the Housing and Home Finance Adminin-  
14 istrator has made the determination and certification relating  
15 to a workable program as prescribed in section 101 (c)  
16 of the Housing Act of 1949, as amended: *And provided*  
17 *further*, That no new contracts for loans and annual con-  
18 tributions for additional dwelling units in excess of the  
19 number authorized in this sentence shall be entered into  
20 unless authorized by the Congress.”.

21 (b) Clause (2) of the third proviso appearing in that  
22 part of the Independent Offices Appropriation Act, 1953,  
23 which is captioned “Annual contributions:” under the head-  
24 ing “PUBLIC HOUSING ADMINISTRATION” is hereby re-  
25 pealed.

1       (c) Section 101 (c) of title I of the Housing Act of  
2 1949, as amended, is hereby amended by inserting the fol-  
3 lowing after the first comma therein: "or for annual contri-  
4 butions or capital grants pursuant to the United States Hous-  
5 ing Act of 1937, as amended, for any project or projects not  
6 constructed or covered by a contract for annual contributions  
7 prior to August 1, 1956,".

8       (d) Subsection (d) of section 21 of the United States  
9 Housing Act of 1937, as amended, is hereby amended by  
10 striking out the figure "10" in both places it appears and in-  
11 serting in lieu thereof the figure "15".



84TH CONGRESS  
2d Session

S. 3855

AMENDMENT

Intended to be proposed by Mr. CAVENAR to the bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes.

MAY 22 (legislative day, MAY 7), 1956  
Ordered to lie on the table and to be printed

Calendar No. 2022

84TH CONGRESS  
2D SESSION

**S. 3855**

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IN THE SENATE OF THE UNITED STATES

MAY 23 (legislative day, MAY 7), 1956

Ordered to lie on the table and to be printed

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## **AMENDMENTS**

Intended to be proposed by Mr. BUSH to the bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes, viz:

- 1       On page 41, line 4, insert a colon and the following
- 2   proviso before the period: "*And provided further, That*
- 3   no new contract for annual contributions for additional dwell-
- 4   ing units shall be entered into except with respect to low-rent
- 5   housing for a locality respecting which the Housing and
- 6   Home Finance Administrator has made the determination
- 7   and certification relating to a workable program as pre-
- 8   scribed in section 101 (c) of the Housing Act of 1949, as
- 9   amended".

1       On page 42, insert the following after line 21:

2       “(e ) Section 101 (c) of title I of the Housing Act  
3 of 1949, as amended, is hereby amended by inserting the  
4 following after the first comma therein: ‘or for annual con-  
5 tributions or capital grants pursuant to the United States  
6 Housing Act of 1937, as amended, for any project or proj-  
7 ects not constructed or covered by a contract for annual  
8 contributions prior to August 1, 1956,’ ”





84TH CONGRESS  
2D SESSION

**S. 3855**

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# AMENDMENTS

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Intended to be proposed by Mr. Bush to the bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes.

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May 23 (legislative day, May 7), 1956

Ordered to lie on the table and to be printed







explain the Department's failure to contract with additional preference customers.

"It is difficult to understand how the Department can take this position in view of the provisions of the Flood Control Act, which establish REA cooperatives as preference customers and call for the widest distribution of power generated at Federal dams at the lowest possible cost, consistent with good business practices. The testimony of the Department witnesses as to the reasons why certain preference customers have not been granted contracts with the SPA was in no sense conclusive. The Committee therefore directs the Department to consider further the applications for power and for integration of REA systems which have been presented to the Southwestern Power Administration and to report to the Committee at the time of the hearings on the 1958 budget the action taken.

"The Committee desires also that a further study be made of the feasibility of serving the load centers of the cooperatives on the Northwest Electric Power generating and transmitting co-op system at the basic SPA power rate until such time as the Northwest system is loaded to the full capacity of its own steam-generating plant at Missouri City. The Conferees on the 1956 Public Works Appropriation Bill directed integration arrangements which would provide for service to distribution co-ops at the basic SPA rate, if practical. From the testimony obtained during the hearings, it appears clear that such a contractual arrangement with Northwest is practical, at least until the Missouri City Steam Plant is entirely loaded."

#### COORDINATION OF PUBLIC CONSTRUCTION PROGRAMS

"It has been brought to the attention of the Committee, in connection with several projects, that construction by public agencies has not been coordinated and that considerable unnecessary expense has resulted. This has been especially true with regard to additional road construction in reservoir areas between the time of authorization and construction of water control projects, resulting in unnecessary additional costs for relocation. In connection with one project, road development in the reservoir area in recent years is so extensive that the cost of relocation apparently makes a previously well justified project completely infeasible. In other instances the Forest Service of the United States Department of Agriculture has built access roads that are much more permanent, and much more costly than necessary for logging operations.

"In general, this problem is most serious as it affects the program of the Corps of Engineers since their projects usually have to bear the additional costs involved. It, therefore, behooves the Corps to take the lead in developing a system of information exchange and better cooperation between public construction agencies. The Committee will expect a report on progress in this field when hearings are held on the budget for 1958."

#### SENATE

13. PERSONNEL. Passed with amendments S. 2875, the Johnston retirement bill. pp. 7894, 7908, 7913, 7921, 7933, 7940

Agreed to the following amendments:

By Sen. Johnston, to establish ceilings on the amount of annual benefits which may be paid to surviving children. p. 7921

By Sen. Carlson, directing the Secretary of the Treasury to invest retirement funds in U. S. interest-bearing securities, and the income derived from these investments to become a part of the retirement fund. p. 7923

By Sen. Johnston (as a substitute for an amendment by Sen. Carlson), to strike provisions from bill permitting employees who quit with less than 20 years of service to obtain social security coverage for the service. p. 7927

By Sen. Hill, to credit certain military duty for retirement purposes. p. 7933



Rejected the following amendments:

By Sen. Knowland, to strike out the provision in the bill providing free and automatic survivor rights on the first \$2400 of annuities, and to retain the present provisions of law regarding this, by a vote of 16 to 65. p. 7934

By Sen. Carlson, to delete the provision in the bill which provides for optional retirement before the age of 60, by a vote of 36 to 46. p. 7927

Sen. Smathers inserted a proclamation by the Governor of Florida proclaiming the week of June 10, "Federal Government Employees Appreciation Week". p. 7894

14. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 10899, the Commerce Department appropriation bill (S. Rept. 2039). p. 7895
15. FORESTRY. The Interstate and Foreign Commerce Committee reported without amendment H. R. 9822, to provide for the establishment of a trout hatchery on the Davidson River in the Pisgah National Forest, N. C. (S. Rept. 2038). p. 7895
16. FARM PROGRAM. Sen. Humphrey and others commented on the recent passage of the farm bill and criticized Administration farm policies. p. 7913
17. EXTENSION SERVICE. Sen. Wiley inserted a Christian Science Monitor article paying tribute to the Univ. of Wis. extension division. p. 7906
18. RECREATION. Sen. Neuberger spoke on the need for additional outdoor recreational facilities, and inserted a magazine article on the subject. p. 7910
19. VETERANS. Sen. Langer inserted a speech of the vice commander, Disabled American Veterans, criticizing the report of the Bradley Commission on veterans' affairs. p. 7911
20. FARM PRICES. Sen. Capehart inserted several tables showing recent trends in farm prices in Indiana for a number of farm commodities. p. 7937
21. ROADS. Sen. Case inserted and commented on several tables relating to apportionment of Federal funds to States for highway construction, construction costs of highways by the mile, etc. p. 7944
22. LIBRARY SERVICES. A Labor and Public Welfare subcommittee ordered reported to the full committee without amendment H. R. 2840, to promote the further development of public library service in rural areas. p. D519
23. MILK. A Labor and Public Welfare subcommittee ordered reported to the full committee without amendment S. 1614, to revise the definition and standards of certain dry milk solids. p. D519
24. HOUSING. Made S. 3855, the housing bill, its unfinished business to be considered today. p. 7948

#### ITEMS IN APPENDIX

25. FARM PROGRAM. Rep. Albert inserted a "concise" statement of the major provisions of H. R. 10875, the new farm bill. p. A 4153
- Sen. Neuberger inserted a constituent's letter explaining in detail how he plans to incorporate the soil-bank provisions into his farm plan. p. A 4131
- Sen. Watkins inserted a letter written to the editor of a newspaper and stated "this letter, which commends President Eisenhower for his veto on H.R. 12,



## DEPARTMENT OF COMMERCE, BUREAU OF PUBLIC ROADS—FEDERAL-AID HIGHWAY ACT OF 1954—SECTION 13 PROJECT—HIGHWAY NEEDS STUDY—Continued

## Construction cost per mile for complete new facility—Continued

## INTERSTATE SYSTEM—RURAL

[Reported by State highway departments]

State	2-lane construction							4-lane construction						
	Range in total cost per mile		Elements of cost for the average mile					Range in total cost per mile		Elements of cost for the average mile				
	Low 10 percent <sup>1</sup>	High 10 percent <sup>2</sup>	Right-of-way	Grading	Surface	Structures	Total	Low 10 percent <sup>1</sup>	High 10 percent <sup>2</sup>	Right-of-way	Grading	Surface	Structures	Total
Alabama.....	\$145,000	\$200,000	\$35,000	\$80,000	\$45,000	\$25,000	\$185,000	\$425,000	\$750,000	\$95,000	\$225,000	\$145,000	\$60,000	\$525,000
Arizona.....	85,000	195,000	6,000	69,000	25,000	25,000	125,000	135,000	300,000	8,000	142,000	50,000	50,000	250,000
Arkansas.....	186,000	297,000	25,000	40,000	73,000	63,000	201,000	345,000	385,000	25,000	80,000	146,000	123,000	374,000
California.....	126,000	357,000	31,000	107,000	106,000	32,000	276,000	276,000	1,806,000	81,000	225,000	320,000	47,000	673,000
Colorado.....	183,419	227,718	58,929	74,926	76,082	---	208,937	229,271	543,073	23,899	82,607	108,142	91,979	306,627
Connecticut.....	440,000	440,000	---	120,000	160,000	160,000	440,000	1,000,000	2,000,000	100,000	500,000	400,000	300,000	1,300,000
Delaware.....	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Florida.....	---	---	---	---	---	---	---	260,900	515,300	14,700	104,200	154,200	76,100	349,200
Georgia.....	180,000	600,000	30,000	110,000	75,000	65,000	280,000	390,000	1,025,000	30,000	210,000	150,000	110,000	500,000
Idaho.....	103,520	229,831	7,411	46,411	40,688	16,400	110,910	149,531	338,359	20,523	60,920	60,884	22,755	165,082
Illinois.....	225,000	447,000	83,000	73,000	96,000	18,000	270,000	328,000	772,000	83,000	95,000	193,000	37,000	408,000
Indiana.....	333,000	415,000	40,000	60,000	90,000	185,000	375,000	750,000	835,000	87,000	110,000	165,000	432,000	791,000
Iowa.....	161,500	545,750	60,000	55,000	60,000	12,540	187,540	310,000	936,500	60,000	90,000	132,000	94,250	376,250
Kansas.....	120,000	200,000	10,000	50,000	80,000	20,000	160,000	230,000	400,000	10,000	80,000	190,000	40,000	320,000
Kentucky.....	300,000	500,000	40,000	200,000	90,000	70,000	400,000	425,000	825,000	50,000	325,000	150,000	100,000	625,000
Louisiana.....	328,700	365,000	34,040	50,875	58,660	195,125	338,700	360,000	480,000	34,040	101,750	117,320	206,890	460,000
Maine.....	265,000	340,000	20,000	145,000	60,000	105,000	330,000	524,000	607,000	40,000	242,000	120,000	150,000	552,000
Maryland.....	---	---	---	---	---	---	---	670,000	1,794,000	75,000	76,000	389,000	463,000	1,003,000
Massachusetts.....	---	---	---	---	---	---	---	780,000	1,200,000	95,000	418,000	219,000	218,000	950,000
Michigan.....	---	---	---	---	---	---	---	650,000	1,800,000	100,000	170,000	140,000	546,000	956,000
Minnesota.....	165,000	414,000	17,000	89,000	128,000	57,000	291,000	318,000	684,000	17,000	112,000	162,000	115,000	406,000
Mississippi.....	200,000	265,570	15,000	81,785	62,060	77,235	216,080	390,000	800,000	18,670	126,795	138,765	164,740	448,970
Missouri.....	265,000	465,000	80,000	101,000	129,000	55,000	365,000	450,000	650,000	120,000	155,000	192,000	83,000	550,000
Montana.....	55,000	120,000	7,700	35,000	37,000	17,500	97,200	120,000	240,000	7,700	70,000	74,000	33,800	185,500
Nehraska.....	80,000	160,000	4,500	30,500	63,000	12,000	110,000	190,000	400,000	9,500	66,500	123,000	39,000	238,000
Nevada.....	13,030	127,341	2,581	19,551	19,256	4,198	45,886	33,561	894,512	31,617	179,029	58,490	39,069	308,205
New Hampshire.....	186,000	400,000	30,000	120,000	45,000	83,000	278,000	250,000	500,000	30,000	150,000	70,000	110,000	360,000
New Jersey.....	---	---	---	---	---	---	---	1,000,000	2,000,000	110,000	350,000	370,000	770,000	1,600,000
New Mexico.....	93,616	150,625	3,131	45,607	39,539	40,112	128,389	255,834	412,834	13,274	94,959	102,613	104,326	315,172
New York.....	390,000	450,000	60,000	200,000	110,000	50,000	420,000	750,000	930,000	80,000	330,000	220,000	220,000	850,000
North Carolina.....	165,000	255,000	50,000	40,000	60,000	55,000	205,000	330,000	485,000	50,000	100,000	170,000	55,000	375,000
North Dakota.....	100,000	150,000	6,000	40,000	80,000	3,000	129,000	182,000	350,000	6,000	75,000	140,000	5,500	226,500
Ohio.....	---	---	36,606	114,127	86,500	64,936	304,169	---	---	90,810	213,990	193,000	148,400	646,200
Oklahoma.....	190,000	305,000	25,000	67,000	87,000	71,000	250,000	400,000	650,000	25,000	175,000	225,000	102,000	527,000
Oregon.....	150,000	330,000	30,000	85,000	70,000	45,000	230,000	320,000	550,000	40,000	155,000	140,000	85,000	420,000
Pennsylvania.....	216,000	346,000	32,000	106,000	87,000	35,000	260,000	508,000	1,010,000	95,000	256,000	246,000	110,000	707,000
Rhode Island.....	---	---	---	---	---	---	---	600,000	606,000	100,000	254,000	125,000	604,000	604,000
South Carolina.....	81,520	121,130	20,908	35,752	33,455	25,394	115,509	164,771	388,913	25,163	67,478	70,135	56,073	218,849
South Dakota.....	126,000	168,000	15,900	32,900	84,300	5,700	138,800	265,000	308,000	28,300	70,400	170,000	22,300	291,000
Tennessee.....	142,000	244,000	40,500	62,500	67,500	22,500	193,000	295,000	490,000	67,500	115,000	140,000	70,000	392,500
Texas.....	80,000	160,000	10,400	28,750	60,850	25,000	125,000	180,000	400,000	21,400	80,270	177,730	69,800	349,200
Utah.....	70,000	201,000	12,000	34,000	63,000	88,000	197,000	181,000	581,000	20,000	135,000	99,000	219,000	473,000
Vermont.....	300,000	390,000	24,000	204,000	87,000	21,000	336,000	635,000	690,000	24,000	416,000	179,000	58,000	677,000
Virginia.....	397,000	681,000	247,000	142,000	104,000	30,000	523,000	324,000	1,077,000	202,000	121,000	137,000	41,000	501,000
Washington.....	108,000	294,000	16,000	27,000	66,000	23,000	132,000	198,000	440,000	23,000	77,000	122,000	59,000	281,000
West Virginia.....	---	---	---	---	---	---	---	600,000	1,200,000	127,100	342,000	247,700	189,100	905,900
Wisconsin.....	---	---	---	---	---	---	---	350,000	500,000	30,000	195,000	135,000	65,000	425,000
Wyoming.....	209,450	273,972	2,176	58,941	150,000	6,529	217,646	416,500	450,441	4,435	125,750	300,000	13,305	443,490
District of Columbia.....	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Hawaii.....	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Puerto Rico.....	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Averages.....	183,415	309,130	33,442	79,016	75,766	50,241	236,320	388,138	760,869	52,120	169,056	167,595	134,902	523,673

<sup>1</sup> Approximate average for the 10 percent of the mileage which has the lowest cost per mile for overcoming critical deficiencies.<sup>2</sup> Approximate average for the 10 percent of the mileage which has the highest cost per mile for overcoming critical deficiencies.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield.

Mr. MARTIN of Pennsylvania. I should like to ask the distinguished Senator from South Dakota this question: What is the total amount involved in the road program which is about to be considered by the Senate of the United States?

Mr. CASE of South Dakota. Mr. President, the 13-year authorization for the Interstate System contemplates approximately \$24,700,000,000.

Mr. MARTIN of Pennsylvania. Where did the Senator get the information on which he based the various items of statistics which he presented to the Senate a moment ago?

Mr. CASE of South Dakota. The tables giving breakdowns of the unit costs of rights-of-way, grading, structures, surfacing, and so forth, are tables supplied by Commissioner Curtiss, of the

Bureau of Public Roads. They were assembled in response to the directive in section 13 of the Highway Act of 1954. The tables as submitted carry with them the identification of the tables.

One table compares the apportionment of the interstate highway fund as between the bill as it passed the House of Representatives and the bill as reported by the Senate Committee on Public Works, which was computed for me by a staff member of the Committee on Public Works. I think he took the figures from the table in the House report for the House portion, and from the table he computed for the Subcommittee on Public Roads of the Committee on Public Works, for the Senate column.

There is one other table which gives a breakdown of the cost per mile by States. This is a table which was prepared by the Bureau of Public Roads.

Mr. MARTIN of Pennsylvania. The Senate owes a sincere vote of thanks to the distinguished Senator from South

Dakota for assembling this very important information. Having been a member of the Committee on Public Works since I became a Member of the Senate, I think the tables he has furnished are accurate and of great value to this legislative body.

I hope all Senators, before the road bill is called up in the Senate, will have an opportunity to go over these figures, because it is very important that they be considered before the vote on this important measure.

Mr. President, this is probably the biggest project the United States has ever undertaken, outside of war. The matter of putting our roads in proper condition is of extreme importance from the standpoint of national defense and the economic expansion of our country.

I thank the distinguished Senator from South Dakota for submitting these figures. They will be of great help to us. I hope all Senators will carefully consider them.



Mr. CASE of South Dakota. Mr. President, I deeply appreciate the kind words spoken by the distinguished Senator from Pennsylvania, who, as every Senator who has served on the Committee on Public Works knows, has a deep, well grounded interest in the subject of highway construction.

I hope Senators will avail themselves of the opportunity to examine these tables, because they contain a wealth of information which will be useful to them in considering the highway bill next week.

#### EXTENSION AND AMENDMENT OF LAWS RELATING TO THE PROVISION AND IMPROVEMENT OF HOUSING

Mr. SMATHERS. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 2022, Senate bill 3855.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the unfinished business, Calendar No. 1896, Senate bill 3108, to encourage the construction of modern Great Lakes bulk cargo vessels, be temporarily laid aside.

The PRESIDING OFFICER. The request is not in order, since Senate bill 3108 was displaced when the Senate agreed to the motion to proceed to the consideration of Senate bill 3855.

Mr. BEALL. Mr. President, I should like to ask the Senator from Arkansas [Mr. FULBRIGHT] his interpretation of the words beginning on line 20, page 9, of the bill, as follows:

And (ii) with the approval of the Commissioner shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation.

Mr. FULBRIGHT. Mr. President, I interpret these words to mean that before mortgages can be insured, the Commissioner of the Federal Housing Administration, acting independently and in addition to the Secretary or his designee, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation.

Mr. BEALL. I should like to ask the Senator his interpretation of the words, beginning on line 24 of page 9 of the bill, as follows:

And that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing hous-

ing covered by mortgages insured under this act.

Mr. FULBRIGHT. At many of our military installations there are housing projects which have been located and built by authority of the act of Congress of August 5, 1946—title 10, United States Code, section 1270, page 977—and the act of Congress of August 8, 1949—Public Law 211, 81st Congress, chapter 403. The United States, by authority of these laws—Title VIII: Military Housing Insurance Law—have outstanding at the present time several hundred million dollars in insurance on mortgages on those projects. It is my interpretation of the words read that no new projects will be approved by the Commissioner of the Federal Housing Administration which will compete with existing Government programed housing, except at places where the Commissioner finds that occupancy of existing houses will not, in his judgment, be substantially affected thereby, and that the Commissioner should fully realize his responsibility in this regard, and safeguard these existing insured outstanding mortgages.

Mr. BEALL. Mr. President, I have but one more question.

What is the interpretation by the Senator from Arkansas of the words, beginning on line 14 of page 10 of the bill, as follows:

The Commissioner shall report to the Committee on Banking and Currency of the Senate and the House of Representatives each instance in which he has required the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund, with reasons therefor.

Mr. FULBRIGHT. I interpret these words to mean that if the Commissioner, after thorough investigation, cannot agree as to the need for the additional housing then he is to prepare, in writing, a detailed report of what investigation he has caused to be made of the local situation at the subject installation, and what his findings are and also his conclusions, and his reasons therefor, and he shall cause to be delivered one copy of such report to the Committee on Banking and Currency of the Senate and one copy of such report to the Committee on Banking and Currency of the House of Representatives which said reports shall be part of the public records and available to all interested parties.

Mr. BEALL. I thank the Senator from Arkansas.

#### LUMBEE INDIANS OF NORTH CAROLINA

Mr. SMATHERS. Mr. President, I submit a concurrent resolution and ask unanimous consent for its present consideration.

The PRESIDING OFFICER [Mr. LAIRD in the chair]. The concurrent resolution will be read for the information of the Senate.

The concurrent resolution (S. Con. Res. 80) was read by the legislative clerk, as follows:

*Resolved by the Senate (the House of Representatives concurring).* That the action of the Speaker pro tempore of the

House of Representatives and of the President of the Senate in signing the enrolled bill (H. R. 4656) relating to the Lumbee Indians of North Carolina be, and it is hereby, rescinded, and that the engrossed bill be returned to the Senate.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution (S. Con. Res. 80) was considered and agreed to.

#### SHORTAGE OF QUALIFIED SCIENTISTS AND ENGINEERS

Mr. SMATHERS. Mr. President, one of the most alarming conditions facing our country today is the shortage of qualified scientists and engineers, and the threat of even greater shortage in the years to come. As the world becomes increasingly geared to technology, the scientist assumes a role of ever-growing importance in the national and international field.

The disturbing truth is that the United States is not keeping pace with our potential enemy in recruiting and training young persons in the complex fields of science. If this Nation is to hold its place of world leadership and maintain its security, it is essential that we recruit and train more technical personnel.

A year ago, our colleges turned out 23,000 engineers, while Russia was turning out 53,000.

This year, in all sciences including engineering, the United States will graduate about 70,000, while Russia will turn out 120,000. During the critical decade from 1950 to 1960, Russia's total of trained scientists and engineers is expected to reach 1,200,000, compared with 900,000 for the United States.

Unless the trend is halted and reversed, the United States will fall far behind the Soviet Union in this critical field. The United States cannot afford to be second best in any vital sector involving national security. Our very survival is endangered in this creeping deterioration in our technological training program.

The trouble is rooted in the attitudes of our young people, who are too often disinterested in science. They turn elsewhere when choosing a career. Their apathy toward science is partially attributable to low teacher salaries and poor teaching conditions, which have established a scarcity of competent science teachers able to implant in young minds the necessary stimulus and the awareness of the challenge afforded in the technological fields.

But, fortunately for our country, there are leaders in some cities and communities who are stirring public awareness of the gravity of the problem.

Only last month in Tampa, Fla., an example of this awareness was exhibited. One of America's great newspapers, the Tampa Morning Tribune, took the lead in sponsoring the Hillsborough County School Science Fair, designed to stimulate interest in science and thus eventually help overcome the Nation's critical shortage of scientists and engineers.







# Digest of CONGRESSIONAL PROCEEDINGS

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued  
For actions of

May 25, 1956  
May 24, 1956  
84th-2nd, No. 86

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HIGHLIGHTS: House committee reported bill to increase CCC borrowing authority. Conferees received permission to file report on USDA appropriation bill by Fri. midnight. Rep. Reece defended CCC cheese transactions and administration's action in raising price supports for dairy products. House committee reported bill to authorize use of CCC grain for feeding wild birds. Senate passed bill to extend housing program. Senate passed bill to stabilize fishery industry. Senate committee reported general government matters and independent offices appropriation bills. Rep. Hope introduced bill to increase Public Law 480 authorization.

### HOUSE

1. COMMODITY CREDIT CORPORATION. The Banking and Currency Committee reported with amendment H. R. 11132, to increase the borrowing authority of CCC (H. Rept. 2211). p. 8000  
Rep. Reece defended the actions of CCC in the cheese transactions under investigation by the Government Operations Committee and the actions of the Department in raising the support level for dairy products. p. 7988  
The Banking and Currency Committee reported with amendment H. R. 7641, to provide for the use of CCC surplus grains to feed certain wild birds in an effort to prevent waterfowl depredations (H. Rept. 2210). p. 8000
2. APPROPRIATIONS. Conferees on H. R. 11177, the USDA appropriation bill for 1957, received permission to file a conference report by Fri. midnight. p. 7975
3. PRICE SUPPORTS. Rep. Dixon inserted a newspaper editorial explaining the features of modernized parity and discussed the favorable outlook for farmers predicted in USDA "Agricultural Outlook Digest." p. 7991
4. POSTAL SERVICE. A Subcommittee of the Post Office and Civil Service Committee ordered reported to the full committee, amended, S. 1871, to provide for reimbursement to the Post Office Department for registration fees on Government



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mail transmission. p. D530

5. PERSONNEL. Received from the HEW Department a proposed bill "...to include, within the provisions of law providing punishment for killing or assaulting Federal officers on official duty, officers and employees of the Department of Health, Education, and Welfare engaged in enforcing the food and drug or public health laws of the United States"; to the Judiciary Committee. p. 8000
  6. MONOPOLY. The Judiciary Committee reported without amendment H. R. 1840, to strengthen the Robinson-Patman Act and amend the antitrust law prohibiting price discrimination (H. Rept. 2202 ). p. 8000
  7. FOREIGN AID. Rep. Richards received permission for the Foreign Affairs Committee to file a report on H. R. 11356, the mutual security bill, by Fri. midnight. p. 7988
  8. LEGISLATIVE PROGRAM. Rep. Albert announced the following schedule for next week: Mon., D. C. bills, the Legislative appropriation bill, and the conference report on the USDA appropriation bill; Tues., "undetermined"; Wed., adjourned; Thurs., defense production bill and farm credit bill; and the foreign aid bill is to be considered on June 6. p. 7977
  9. ADJOURNED until Mon., May 28. pp. 7977, 7999
- SENATE
10. HOUSING LOANS. Passed with amendments S. 3855, to extend the housing program (pp. 8015, 8033, 8043, 8059). A greed to an amendment by Sen. Lehman to extend the veterans housing loan program for 1 year beyond July 25, 1957. (p. 8042). For provisions of interest to this Department, see Digest 81.
  11. FISHERIES. Passed with amendments S. 3275, to establish a sound and comprehensive national policy with respect to the development, conservation, and use of fisheries resources, and to create and prescribe the functions of a U. S. Fisheries Commission. p. 8082
  12. APPROPRIATIONS. The Appropriations Committee reported with amendments the following bills: p. 8003  
H. R. 9536, the general government matters appropriation bill for 1957 (S. Rept. 2042); and  
H. R. 9739, the independent offices appropriation bill for 1957 (S. Rept. 2041).  
Made H. R. 10721, the State-Justice appropriation bill, its unfinished business to be considered today. p. 8090
  13. ROADS. Majority Leader Johnson announced that H. R. 10660, the road bill, would probably be reported today, and taken up on Mon. p. 8090
  14. FARM PROGRAM. Sen. Carlson inserted an analysis made by this Department of the new farm bill. p. 8011
  15. LIBRARY SERVICES. The Labor and Public Welfare Committee ordered reported without amendment H. R. 2840, to promote the further development of public library services in rural areas. p. D527
  16. MILK. The Labor and Public Welfare Committee ordered reported without amendment S. 1614, to revise the definition and standards for certain dry milk solids. p. D527



filing is worthy of mention, however, since it is the first short-haul coach tariff ever filed by a local carrier.

I should also like to mention other recent and significant developments which point to an even greater exploitation of the low-fare air travel potential in this country. One airline has only recently announced to the public that 75 percent of its entire service will be devoted to air-coach passengers this year. Today, our domestic trunkline carriers are providing low-fare coach service in their very best equipment—Douglas DC-6, Douglas DC-6B, DC-7, Lockheed 1049G (super-Constellation), and the Viscount Turbo-prop. Such service, providing today's coach passengers with the most modern and fastest airplanes in existence, is simply further tangible evidence of air transportation's benefits to you, the traveling public.

I would be less than fair if I did not also make special mention of the \$80 transcontinental air fare offered to you west coast travelers by our three largest transcontinental air carriers our supplemental air carriers. This fare must, it seems to me, be regarded by one and all as the very best travel bargain anywhere in this country, or, for that matter, in the entire world today.

Because, therefore, our low-fare air coach development has broadened the travel base, resulted in phenomenal growth of air travel and today makes possible historically lower fares in the most modern equipment for the air traveler, I am convinced that "mass air transportation is in the public interest."

#### WHEN WE MEET AGAIN IN THE JET AGE

Today, I have given a report of growth of the civil air transport industry for the period that has elapsed since our last meeting 3 years ago. The reporting period I have used meets no known accepted standard of reporting, but is a personalized one, meant for you Oakland Chamber of Commerce and Oakland World Trade Club members who originally invited me to participate in your aviation program on April 15, 1953.

No mention has been made of the several new route awards to carriers serving Oakland, and we have not discussed the supplemental air carrier decision that affected favorably so many of the carriers that are based at your Oakland airport.

Time does not permit a report, discussion, or prediction on the dynamic possibilities of the all-cargo or airfreight industry which, in the foreseeable future will require a network of terminal airports for its exclusive use.

So, while much must be left for later reports, I would like in summation to look to the future and mention the advancing jet-transport age and my view of it.

My persons flying experience as a pilot in this jet age is quite limited. A guest of the United States Air Force, I graduated from their 1-week course described as "Senior Officers' Jet Instrument Familiarization Course" and the flying was done in the veteran Lockheed T-33 trainer.

This personal experience, brief as it is, was the capstone on some 27 years of Marine Corps Reserve action, flying conventional piston-type aircraft. Relying in this brief jet-flying experience, I believe that, physically, emotionally, and mentally, the jet-age passenger will be invigorated, exhilarated, and stimulated.

It is my belief that jet-age civil aviation cannot be properly described as an advance in travel. It is instead a revolution and a complete break with the past.

Today's designers of the Boeing 707 and the Douglas DC-8 jet transports are fully aware of this complete break with the past. They are designing and building larger and more spacious passenger cabins. These newly designed cabins will have the effect of wrapping the jet-age passenger in a cocoon of comfort—immune from vibration, re-

leased from engine noise, and spared weather turbulence.

It is my prediction that the enthusiastic reaction of the jet-age passenger to this luxury, this simplicity, this security, will guarantee profitable jet-air transport operations from the date of their inauguration.

Should we not meet again until we are enjoying this jet age of transportation sometime in 1959, I predict now that presently ordered piston-type transport aircraft will not adequately keep pace with the phenomenal traffic growth and demands for seats that mass air transportation will generate in 1957 and 1958. The jet age of air transportation is not arriving a day too soon.

It is my opinion in summation that the aircraft designers and manufacturers, the airline operators, the Civil Aeronautics Board, and you, the traveling public, are all fit, willing, and able; yes, eager, to enjoy the beneficial consequences of the jet age of transport.

I wish you Godspeed.

The VICE PRESIDENT. Is there further morning business? If not, morning business is concluded.

Without objection, the Chair lays before the Senate the unfinished business.

#### HOUSING AMENDMENTS OF 1956

The Senate resumed the consideration of the bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes.

Mr. SPARKMAN. Mr. President, at the outset of Senate debate on Senate bill 3855, I should like to make a short statement. As chairman of the Subcommittee on Housing, I wish to thank the members of the subcommittee and of the Committee on Banking and Currency for their diligence and cooperation in preparing the housing bill for 1956.

At subcommittee hearings, held from March 20 through March 29, nearly a thousand pages of testimony were recorded. Some 300 reports, statements, and letters were received. Every proposal was carefully considered by the subcommittee during 4 days of executive sessions, and later by the full committee during 2 days of executive sessions.

The bill is divided into six titles. Title I covers the FHA programs established by the National Housing Act. Title II is a major new program for elderly persons housing, and, in my opinion, one of the most important developments in recent years. Title III provides for changes in the operations of the Federal National Mortgage Association. Title IV contains a number of improvements to the slum clearance and urban renewal programs. Title V provides for a comprehensive low-rent public-housing program. Title VI contains a number of miscellaneous provisions, including college housing, research, farm housing, and a number of other subjects which I shall explain in more detail later in this statement.

#### TITLE I. FEDERAL HOUSING ADMINISTRATION

First, I shall describe the provisions in title I of the bill, which cover the various programs administered by the Federal Housing Administration.

#### PROPERTY IMPROVEMENT LOANS

The bill would extend the FHA home repair and modernization program for 3 years, until September 30, 1959. The maximum eligible loan would be increased from \$2,500 to \$3,500 for home improvement and nonresidential loans, and from \$10,000 to \$15,000 for loans for the improvement of structures housing two or more families. The Commissioner would also be authorized to increase the maximum maturity of these loans from the present limit of 3 years up to 5 years. The bill also provides an interest rate ceiling of 5 percent discount for loans up to \$2,500, and a limit of 4 percent discount on the portion of any loan over \$2,500.

#### HAZARD INSURANCE ON FHA-ACQUIRED PROPERTIES

This bill adds a new provision to authorize FHA to establish a fire and hazard loss fund for self-insurance purposes. The fund would be available to provide fire and hazard risk coverage on property acquired by FHA by foreclosure or otherwise. The FHA Commissioner would also be authorized to purchase additional insurance protection if he determined it to be necessary, and to provide for the reinsurance of any risk assumed by the fire and hazard loss fund. This proposal was suggested by the General Accounting Office.

#### COOPERATIVE HOUSING INSURANCE

Under existing law, the maximum amount of a cooperative housing mortgage is 90 percent of the FHA estimate of replacement cost, unless at least 65 percent of the cooperators are veterans of World War II, in which event the maximum mortgage amount may be 95 percent of the FHA estimate of replacement cost. The bill would change the law to permit the higher maximum mortgage amount if at least 50 percent of the cooperators are veterans of World War I or World War II.

The committee believes that the present law is unnecessarily restrictive in its definition of a veterans' cooperative, and feels that these changes are highly desirable.

#### GENERAL MORTGAGE INSURANCE AUTHORIZATION

The general mortgage insurance authorization for FHA would be increased to make available \$3 billion of authorization for the next fiscal year. The balance of the present authorization—estimated to be about \$2 billion at the end of this fiscal year—would be included in that amount. The authorization covers all the mortgage-insurance programs except the new military housing program under title VIII and the title I home-modernization program.

#### HOUSING IN URBAN-RENEWAL AREAS

Section 220 of the National Housing Act would be amended to permit an additional \$1,000 per room or per family unit for both garden-type and elevator-type projects in high-cost areas. At the present time, only elevator-type projects are eligible. The committee feels that garden-type apartments can be properly encouraged in high-cost areas in order to provide more desirable neighborhood environment.



## LOW-COST HOUSING FOR DISPLACED FAMILIES

The FHA Section 221 mortgage insurance program for housing families moving out of urban renewal areas would be liberalized. Maximum dollar amount would be increased from \$7,600 to \$8,000 per dwelling, and from \$8,600 to \$10,000 in high-cost areas. The maximum loan-to-value ratio would be increased from 95 percent to 100 percent except that the purchaser would have to make a cash payment of \$200, which amount could include settlement costs. The maximum maturity of these mortgages would be increased from 30 years to 40 years.

## COST CERTIFICATION OF RENTAL HOUSING

An amendment to section 227 of the National Housing Act would improve the cost certification procedures. Once the cost certification is approved by the FHA Commissioner, it would be considered final and incontestable, except where there has been fraud or misrepresentation by the mortgagor.

In addition, the bill contains a provision to encourage the production of rental housing in urban renewal areas under section 220 of the National Housing Act. This provision would authorize the FHA Commissioner to allow a profit on such projects of up to, but not exceeding, 10 percent of the actual costs—not including the cost of land. The uncertainties and hazards peculiar to capital ventures invoked in the production of rental housing in urban renewal areas should be recognized by the FHA Commissioner and profit allowances should be made on a basis which will foster greater activity under the slum clearance and urban renewal program.

## MILITARY HOUSING

The bill would extend the military housing program for 3 years, through September 30, 1959; widen the coverage of the program to include construction of projects on Midway Island and in the Canal Zone; increase FHA insurance authorization from \$1,363,500,000 to \$3 billion; increase from \$9 million to \$13 million the maximum monthly expenditure by the military to amortize military housing mortgages; increase maximum average unit cost from \$13,500 to \$15,000 for any single project, and set a service-wide ceiling on average unit cost of \$14,250; establish maximum limits on net floor area, based upon military rank, for each unit of housing; and would make minor technical and perfecting amendments to existing law.

The bill also contains provisions emphasizing FHA's responsibilities in order to prevent overbuilding in areas surrounding military installations. It requires a determination by the Secretary of Defense, with the approval of the FHA Commissioner, that adequate housing is not available for personnel of the armed services at reasonable rentals within reasonable commuting distance of the installation. This determination must be made before a new project can be approved. The bill further provides that the FHA Commissioner shall report to the Committee on Banking and Currency of the Senate and the House of Representatives each instance in which he has disagreed with the military as to need for housing and has required the Secre-

tary of Defense to guarantee the armed services housing mortgage insurance fund against loss.

Existing law is amended to require that plans and specifications prepared for military housing follow the principle of modular measure. This requires that plans be drawn so that military housing can be built by conventional construction, site fabrication, or factory fabrication, which ever the successful bidder may elect. This amendment was recommended to permit economies in design, materials, and construction, and reaffirms the committee's intent that builders of prefabricated homes should have equal consideration in bidding on military housing projects.

## TITLE II. HOUSING FOR ELDERLY PERSONS

Title II of this year's housing bill deals with elderly persons, and is one of the most important new housing programs in many years.

Prior to 1955 no real effort had been made to develop a Federal program to provide housing for the elderly. In 1955 the Senate Banking and Currency Committee reported a bill which would have provided an allocation of public housing units for elderly persons. This provision passed the Senate but was not enacted.

Since 1955 there has been an increasing awareness of the need to encourage the building of a more substantial number of adequate dwelling units for older persons. A study by the Senate Housing Subcommittee entitled "Housing for the Aged" has helped to define the problem and delineate its scope. A number of bills dealing with housing for elderly persons have been introduced in both Houses of the Congress, and almost every witness who testified before the Housing Subcommittee this year indicated that some program to assist elderly persons is needed.

This bill is designed to meet the needs of elderly persons in two ways. First, it would amend title II of the National Housing Act by adding a new section 229 to enable the FHA to insure mortgages with liberal terms for elderly persons. These new mortgage terms would be applicable to both sales and rental housing. FHA insurance is conditioned upon the projects being economically sound.

Sales housing mortgages would be insured up to 100 percent of value where the mortgagor is the owner-occupant, except that the borrower must pay \$200 in cash, which may include payment of settlement costs and initial payments for taxes, hazard insurance, and other prepaid expenses. The maximum mortgage would be \$8,000—\$10,000 in high-cost areas—and the maximum maturity would be 40 years. An elderly person could buy only one house with the benefits of this program.

Rental housing mortgages would be insured up to 100 percent of value if the mortgagor is an acceptable public or private nonprofit organization, and 90 percent of value for all other types of mortgagors. As with sales-type housing, the mortgage amount could not exceed \$8,000 per unit—\$10,000 per unit in high-cost areas. Maximum maturity would be 40 years.

With respect to sales housing, the bill provides that where a mortgagor is 60 years of age or over, a third party—a person or a corporation satisfactory to the FHA Commissioner—may provide the downpayment required and may co-sign the mortgage note. For rental housing, an acceptable third party may contribute a part of the required rental payment and may assist in meeting equity requirements.

An elderly persons housing insurance fund would be established in the FHA to carry out the provisions of the new section 229.

FNMA is authorized to enter into advance commitments to purchase such mortgages up to \$50 million outstanding at any one time. A maximum of \$5 million would be available in any one State. Both would be revolving funds.

Second, the bill would broaden the opportunities for low-income elderly persons to find shelter in public housing accommodations by initiating a program of 15,000 public housing units for each of 5 years beginning July 1, 1956, and by making elderly persons eligible on a first-preference basis to any suitable units in any other public housing projects, even though they were not specifically designed or built for elderly persons. These 15,000 units would be in addition to other low-rent public housing units authorized by other provisions of the bill.

In order to make elderly persons eligible for public housing, the definition of "families of low income" is amended. The term "families" would include a single person 65 years of age or over, or the remaining member of a tenant family. The term "elderly families" is further defined to mean families the head of which or his spouse is 65 years of age or over. To be eligible for admission to public housing, elderly persons and families need not comply with the requirement that they must come from slum dwellings or be displaced by Government action.

The total authorization for annual contributions by the Public Housing Administration is increased from \$336 million to \$366 million. This is an increase at the rate of \$6 million a year for each of the 5 years.

In order to defray the higher cost of units especially designed for the elderly, the bill authorizes an increase in the cost limit for such units from \$1,750 to \$2,250 per room.

To ensure that the Federal Government develops and maintains a program to meet the needs of elderly persons, the bill would require the Housing Administrator to establish an advisory committee on matters relating to housing for the elderly.

## TITLE III. FEDERAL NATIONAL MORTGAGE ASSOCIATION

A number of perfecting amendments to the law governing Fanny Mae operations are made by this year's bill.

The bill provides that eligible mortgages covering property located in Alaska, Guam, or Hawaii could be offered for FNMA purchase, under its special assistance operations, without regard to the present \$15,000 maximum amount limitation. Because of higher building



costs in Alaska, Guam, and Hawaii, the present restriction prevents the financing of needed housing in those Territories.

Under present law, mortgage sellers must subscribe to FNMA common stock equal to 3 percent of the unpaid amount of the mortgages, or such greater percentage as may from time to time be determined by FNMA. Under this bill, FNMA would have authority to adjust downward as well as upward the percentage of capital subscriptions required, although the contribution could never be less than 1 percent.

This reduction in the required percentage of common stock subscription need not result in a lower total amount of such subscriptions or a consequent delay in the retirement of the preferred stock held by the Treasury. A reduction in the required percentage could result in an increase in the secondary market operations of the association of sufficient proportion to increase the total stock subscriptions.

The bill also revises the method for establishing the purchase prices of mortgages to be purchased by FNMA in its secondary market operations. Under present law, the FNMA is required to establish such purchase prices at the market price for the particular class of mortgages involved. Experience gained by FNMA since this provision became effective, November 1, 1954, has indicated that the pricing factors affecting individual mortgages are so diverse that it is not practicable to comply literally with the requirement that prices be established at the market price. It is practicable, however, to ascertain ranges of market prices from time to time. Accordingly, this section of the bill would prescribe the criterion that the prices to be paid by the association for mortgages purchased under the secondary market operations should be established, from time to time, within the range of market prices for the particular class of mortgages involved, as determined by the association. The purpose of this change is to permit the association to raise its purchase price schedule.

Under the purchase price policies established by the association for its special assistance functions, the Agency has charged discounts up to 2 percent in addition to its regular fees. The committee believes that these policies tend to defeat the purposes for which the special assistance function was created. Consequently, this bill would require that all mortgages purchased under the special assistance functions be purchased at par. This provision would also apply to mortgages on elderly persons' housing.

#### TITLE IV. SLUM CLEARANCE AND URBAN RENEWAL

One of the most important programs administered by HHFA is the program for slum clearance and urban renewal. Although legislation on this subject has existed for several years, new problems constantly arise, and it is necessary to clarify and perfect the statute as experience is gained. A majority of these urban renewal provisions are clarifying and perfecting amendments.

One amendment deserves special mention.

Perhaps the most difficult problem associated with clearing and rehabilitating a slum area is the avoidance of personal and financial hardships to families and businesses forced to leave the area. The bill amends the law to alleviate such distress. The amendment provides that individuals, families, and business concerns may be reimbursed for expenses or losses, resulting from their displacement from an urban-renewal area and for which reimbursement or compensation is not otherwise made, on the following basis: First, necessary moving expenses not to exceed \$100 for any individual or family; and, second, business losses, including loss of good will and necessary moving expenses, not to exceed \$2,000 for any one business. These payments may be made by the Administrator of the Housing and Home Finance Agency under such reasonable rules and regulations as he may prescribe.

The committee believes that this amendment will not only relieve unusual distress and suffering of tenants—both residential and business—in urban-renewal areas but will also remove much resistance to urban-renewal planning and execution, thereby fostering the restoration of slum areas all over the country.

#### TITLE V. LOW-RENT PUBLIC HOUSING

The Committee on Banking and Currency has again considered the need for low-rent public housing to help provide adequate shelter for the thousands of low-income families of the Nation who could not otherwise obtain a decent place to live. The Congress has been confronted with this problem for many years and in 1949 enacted a law authorizing a program of financial assistance for 810,000 low-rent housing units to be built, owned, and operated by local public bodies in communities where such housing is needed. In 1956, 7 years later, this goal is yet to be achieved. The PHA Commissioner advises that by July 31, 1956, approximately 315,500 units will have been placed under contract pursuant to the authorization in the Housing Act of 1949. Thus, 7 years after establishment of a goal, that goal is less than 40 percent satisfied. The committee is aware of no other means for housing the families eligible for this program, and is aware of no reason for reducing the goal established in 1949.

Consequently, this bill authorizes the PHA to enter into new contracts for loans or annual contributions until the 810,000-unit program is completed. The bill establishes 135,000 units as the number to be placed under contract in any one fiscal year, with a condition that the President may vary this amount down to 50,000 units or up to 200,000 units if conditions in the national economy so require.

In order to assist in meeting the housing needs of elderly persons of low income, both families and single persons, this bill amends the definition of "families of low income" as it appears in the United States Housing Act of 1937. Under the new definition, persons 65 years of age or over, whether married or single, are eligible for admission to public-

housing projects if they meet other requirements in the law.

Through the years, numerous restrictions placed on the public-housing program have reduced its effectiveness. None of these restrictions is necessary for administration and control of the public-housing program and, therefore, the committee bill would repeal them.

In accordance with the administration's wishes to dispose of as much federally owned property as is feasible, the committee has included in title V of the bill amendments to, first, dispose of farm-labor camps, and, second, dispose of certain Government-owned defense-housing projects.

#### TITLE VI. MISCELLANEOUS COLLEGE HOUSING

The college housing loan program authorized by the Housing Act of 1950, and stimulated by the Housing Amendments of 1955, is now functioning to meet the critical housing shortages on the campuses of the Nation's colleges and universities. Applications are already on hand in a volume which would exhaust the present authorization of \$500 million. The need for student, student family, and faculty housing was intensified in the fall of 1955, and will become even more acute in the fall of 1956, due to mounting enrollments; further deterioration of temporary facilities, and the increasing shortage of off-campus housing. Enrollments in colleges and universities in the fall of 1955 were the highest in the Nation's history. The projected estimate of enrollments ascends at a rapid rate to more than 3 million in 1960, more than 4 million in 1965, and more than 5 million in 1975.

In the light of these circumstances, the committee bill would increase the authorization for college housing loans by \$250 million. This amount should enable this program to continue at a high level of activity and will make a substantial contribution to the educational needs of the country without cost to the Federal Government. The bill also amends existing law by specifically providing that divinity schools would be eligible for college housing loans.

#### RESEARCH

The bill would authorize and direct the Housing Administrator to undertake a comprehensive research program. The Federal Government's stake in the field of housing involves a contingent liability of many billions of dollars. The housing agencies are required every day to make intelligent economic judgments which can be made only on the basis of adequate factual information.

The bill includes the research subjects which the committee feels require the most urgent attention. Among these are research on the housing market, the operations of Fanny Mae, the field of elderly persons housing, low-income and middle-income housing, and similar lines of inquiry. The Housing Administrator would be authorized to enter into research contracts with private and public research organizations. These contracts could not exceed \$500,000 during the fiscal year 1957, and this amount could be increased by an additional \$1



million on July 1, 1957, and \$1 million on July 1, 1958.

#### FEDERAL SAVINGS AND LOAN ASSOCIATIONS

The bill raises from \$2,500 to \$3,500 the ceiling on property improvement loans which may be made by Federal savings and loan associations. This provision is recommended since another provision of the bill raised to \$3,500 the maximum permissible amount of home improvement loans under the FHA title I program. One other change is made that would affect Federal savings and loan associations. It would increase from 15 percent to 20 percent the proportion of an association's assets that could be used to make loans secured by property located more than 50 miles from the association's place of business.

#### COMMISSION ON NATIONAL HOUSING POLICY

A commission would be established to undertake a study of and report upon the short-term and long-term housing needs of the Nation, housing of low- and middle-income families, the discounting of Government-supported mortgages, the prospects for developing new sources of investment funds, and the extent to which resources of the Federal National Mortgage Association can be used to stabilize the mortgage market.

The committee is concerned with the need for informed opinion on the prospective residential housing needs of the country and the capacity of the economy in general and of the building industry and mortgage market in particular to meet these needs. In an attempt to obtain this informed opinion, this bill establishes a Commission on National Housing Policy to conduct an inquiry on this subject and to report its findings to the Congress and the President by June 30, 1957. Interim reports may also be made.

#### FARM HOUSING

The Banking and Currency Committee has again carefully considered proposals to amend title V of the Housing Act of 1949. These amendments as reported would authorize, first, \$450 million for direct farm housing loans to be available during a 5-year period; second, additional \$10 million for contributions by the Secretary of Agriculture to prevent defaults in payments on loans for potentially adequate farms; and, third, an additional \$50 million, to be available during a 5-year period beginning July 1, 1956, for grants and loans for improvement and repair of certain farms as well as for enlargement and development of farms.

It is believed that these amendments will be especially beneficial to first, capable young farmers with little accumulated money or resources who are finding it more and more difficult to meet the increasing capital requirements of farming in a period of drastic income decline; second, families who have been unable to obtain the credit needed to construct or make changes in existing service buildings to keep pace with changing agricultural patterns; and, third, rural families that are not engaged in farming on a full-time basis because of inadequate land resources or other reasons.

Although these amendments authorize availability of some \$500 million over a

5-year period, it is not a new loan authority, but an effort to renew the unused loan authority which has accumulated under title V since its inception in 1949. Despite the fact that more than \$100 million was authorized under title V for this fiscal year, no loans have been made thus far, and the administration has only recently requested a supplemental appropriation of \$5 million to revive its lending activity under title V.

#### HOSPITAL CONSTRUCTION

The bill would revive and extend to June 30, 1957, that portion of the Defense Housing and Community Facilities and Services Act of 1951, which authorizes loans or grants for hospital construction. One of the purposes of the act of 1951 was to provide needed community facilities in areas, designated by the President as "critical," in which there was an influx of population caused by defense activities. During the life of this program, the applications of 6 communities were approved, but the applications from 22 other communities were pending at the time the authority under the act expired. The bill extends this portion of the Defense Housing and Community Facilities and Services Act of 1951 for 1 year and authorizes expenditures of Federal funds up to \$5 million for each of the fiscal years ending June 30, 1956, and June 30, 1957.

#### SALE OF HOUSING PROJECTS

The bill contains two routine provisions covering the sale of a Lanham Act project in the city of Alexandria, Va., and the granting of an additional 12 months within which the housing authority of Glastonbury, Conn., may purchase a war housing project.

#### CITY PLANNING SCHOLARSHIPS AND FELLOWSHIPS

In order to help solve the problem of a critical shortage of qualified professional city planners and housing technicians and specialists, the bill contains a provision authorizing the Housing Administrator to conduct a scholarship and fellowship program. These awards would be made by private and public nonprofit institutions of higher education for graduate training. Persons shall be selected for such scholarships solely on the basis of ability. The bill authorizes appropriations of \$500,000 annually for a 3-year period, beginning on or after July 1, 1956.

Mr. President, at this point I ask unanimous consent that there may be printed in the RECORD a section-by-section analysis of the bill.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

#### SECTION-BY-SECTION ANALYSIS

##### TITLE I. FHA INSURANCE PROGRAMS

##### Property improvement loans

Section 101: (a) Amends section 2 (a) of the National Housing Act to extend the title I property improvement program of the FHA 3 years until September 30, 1959.

(b) Amends section 2 (b) of the National Housing Act to: (1) increase the maximum permissible loan for improvement of existing single-family structures from \$2,500 to \$3,500; (2) permit the FHA Commissioner to increase the maximum maturity to 5 years on loans for improvement of single-family

structures; (3) require an interest rate ceiling of 5 percent discount a year up to \$2,500 and 4 percent discount on that portion of a loan in excess of \$2,500; (4) increase the maximum permissible loan for the improvement of multifamily structures from \$10,000 to \$15,000, with an average of \$2,500 per family unit.

##### Hazard insurance on FHA acquired properties

Section 102: Amends title I of the National Housing Act by adding a new section 10 to authorize the FHA Commissioner to establish a fire and hazard loss fund for self-insurance of acquired properties.

##### Cooperative housing insurance

Section 103: Amends section 213 (b) (2) of the National Housing Act to reduce from 65 to 50 percent the proportion of veterans required to qualify the cooperative for a 95-percent mortgage loan and for higher room and unit mortgage amount limits. This amendment would also permit World War I veterans to be counted in determining the percentage of veteran cooperators.

##### General mortgage insurance authorization

Section 104: Amends section 217 of the National Housing Act to increase the general insurance authorization of the FHA by adding \$3 billion to the amount of insurance outstanding as of July 1, 1956.

##### Housing in urban-renewal areas

Section 105: Amends section 220 (d) (3) (B) (iii) to increase mortgage limits up to \$1,000 per room or per unit in high-cost urban-renewal areas. This increase is applicable to both elevator and garden-type apartments.

##### Low-cost housing for displaced families

Section 106: Amends section 221 of the National Housing Act to: (1) increase the maximum permissible mortgage amount from \$7,600 to \$8,000 (from \$8,600 to \$10,000 in high-cost areas); (2) permit insurance of mortgages amounting to 100 percent of the value on both rental and sales housing, except that for sales housing the borrower must pay \$200 cash, which may include settlement costs, taxes, etc.; (3) increase the maximum maturity of insured loans from 30 to 40 years on both sales and rental housing.

##### Cost certification of rental housing

Section 107: Amends section 227 of the National Housing Act to: (1) provide that a cost certification, when approved by the FHA Commissioner, shall be final and incontestable, except for fraud or misrepresentation on the part of the mortgagor; (2) provide that there shall be included in actual cost an allowance for sponsor's profit, in the case of a mortgage insured under section 220, up to but not over 10 percent of all project costs (not including the cost of land).

##### Military housing

Section 108: (a) Amends section 801 (g) of the National Housing Act to permit construction of projects on Midway Island and in the Canal Zone.

(b) Amends section 803 (a) of the National Housing Act to: (1) Increase the FHA title VIII insurance authorization from \$1,363,500,000 to \$3 billion; and (2) extend the program for 3 years until September 30, 1959.

(c) Amends section 803 (b) (2) of the National Housing Act to require the Secretary of Defense, in programming additional military-housing units, to determine, with the approval of the FHA Commissioner, that the new units will not substantially curtail occupancy in existing housing covered by FHA-insured mortgages. If the FHA Commissioner does not approve additional units, and he requires the Secretary of Defense to guarantee the armed services housing mortgage insurance fund from loss, he shall report to the Committees on Banking and Currency of the



Senate and House of Representatives each instance in which he required such a guaranty.

(d) Amends section 803 (b) (3) of the National Housing Act to increase the maximum average unit cost of military housing from \$13,500 to \$15,000 for any single project, and sets a servicewide ceiling on average unit cost of \$14,250.

(e) Amends section 803 (b) (3) of the National Housing Act and sections 403 (a) and 403 (b) of the Housing Amendments of 1955 to make a number of technical changes.

(f) Amends section 403 (a) of the Housing Amendments of 1955 to clarify the bonding requirements imposed upon contractors who build under this act.

(g) Amends section 405 of the Housing Amendments of 1955 to increase from \$9 million to \$18 million the total permissible monthly payment by the Armed Forces to amortize military housing mortgages.

(h) Amends section 406 of the Housing Amendments of 1955 to require plans and specifications to follow the principle of modular measure.

(i) Amends section 407 of the Housing Amendments of 1955 to permit the use of military construction funds for purposes other than the amortization of outstanding mortgages.

(j) Amends title IV of the Housing Amendments of 1955 by adding a new section 410 establishing maximum limits, based on military rank, on net floor area for each unit of military housing.

#### TITLE II. HOUSING FOR ELDERLY PERSONS

##### *Private housing for elderly persons*

Section 201: (a) Amends section 203 (b) (2) of the National Housing Act to permit a third party to pay the required downpayment for a mortgagor 60 years of age or over.

(b) Amends title II of the National Housing Act by adding a new section 229 to enable the FHA to insure mortgages financing the construction or rehabilitation of housing for elderly persons 60 years of age or over, as follows:

(1) On sales housing, mortgage insurance could be up to 100 percent of value, except that the borrower must pay \$200 cash, which may include settlement costs, taxes, etc. The maximum mortgage amount is set at \$8,000 (\$10,000 in high-cost areas). The maximum mortgage amount is set at \$8,000 (\$10,000 in high-cost areas). The maximum maturity would be 40 years.

(2) On rental housing, mortgage insurance would be available for 2 classes of mortgagors: if the mortgagor is an acceptable public or private nonprofit organization, or a public body of any type, an insured mortgage would be up to 100 percent of value, the maximum mortgage amount would be \$12,500,000, with a per unit ceiling of \$8,000 (\$10,000 in high-cost areas); for all other mortgagors, an insured mortgage would be up to 90 percent of value, the maximum mortgage amount would be \$12,500,000, with a per unit ceiling of \$7,200 (\$9,000 in high-cost areas). The maximum maturity would be 40 years.

(3) On both sales housing and rental housing for elderly persons, third parties may provide financial assistance. On sales housing, a third party may pay the required downpayment. On rental housing, a third party may contribute toward rental payments, and may assist in meeting equity requirements.

(4) An elderly person's housing insurance fund is established as a revolving fund for carrying out the provisions of this new section. A sum of \$1 million is authorized to be transferred from the war housing insurance fund.

(c) Requires that mortgages secured by section 229 housing are subject to existing requirements in the National Housing Act covering labor standards, transfer of moneys

among insurance funds, availability of FHA appraisals to purchasers, cost certification, and transient occupancy.

(d) Amends section 305 of the National Housing Act to authorize FNMA to enter into advance commitment contracts, up to \$50 million outstanding at any one time, on elderly persons housing. A maximum of \$5 million of this authorization (revolving) would be available in any one State.

##### *Public housing for elderly persons*

Section 202: (a) Amends section 2 of the United States Housing Act of 1937 to permit the admission to public housing of a single person 65 years of age or over.

(b) Amends section 10 of the United States Housing Act of 1937 by adding a new subsection (m) to authorize 15,000 units for elderly persons for each of 5 years beginning July 1, 1956, and increases the authorization provided for annual contributions by \$6 million a year for 5 years. This authorization would be in addition to any other authorization for low-rent public-housing units. Elderly persons would be eligible on a first-preference basis for admission to units specifically designed for them and on a first-preference basis to any suitable units in other public-housing projects. The requirement that persons admitted to low-rent public-housing units must come from unsafe and unsanitary dwellings or be displaced by Government action would be waived in the case of elderly persons.

(c) Amends section 15 (5) of the United States Housing Act of 1937 to authorize an increase, from \$1,750 to \$2,250 per room, in the maximum cost, if the unit is specifically designed for elderly persons.

(d) Amends section 21 (d) of the United States Housing Act of 1937 to increase the total authorization for annual contributions by \$30 million.

##### *Elderly persons advisory committee*

Section 203: Requires the Housing Administrator to establish an advisory committee on matters relating to housing for elderly persons.

#### TITLE III. FEDERAL NATIONAL MORTGAGE ASSOCIATION

Section 301: Amends section 302 (b) of the National Housing Act to remove the \$15,000 ceiling on mortgages covering housing in Alaska, Guam, and Hawaii when purchased under the Association's special assistance functions.

Section 302: Amends section 303 (b) of the National Housing Act to reduce the amount of FNMA stock, which sellers of mortgages are required to buy, from a minimum of 3 percent of the unpaid principal of the mortgage to a minimum of 1 percent.

Section 303: Amends section 304 (a) of the National Housing Act to change the criterion for FNMA purchases from "at the market price" to "within the range of market prices."

Section 304: (a) Amends section 305 (b) of the National Housing Act to require FNMA to purchase at par all mortgages acquired under its special assistance functions.

(b) Amends section 305 (e) of the National Housing Act to require that the FNMA \$5 million advance commitment limit per State for cooperative housing mortgages be operated as a revolving fund.

Sections 305 and 306: Amend section 305 and 306 of the National Housing Act to correct a printer's error and to eliminate an obsolete provision.

#### TITLE IV. SLUM CLEARANCE AND URBAN RENEWAL

Section 401: Amends section 102 (d) of the Housing Act of 1949 to authorize HHFA to make urban renewal planning advances to a single local public body acting on behalf of all local bodies having authority for

surveys and plans for an urban renewal project.

Section 402: (a) Amends section 105 (a) and section 110 (b) of the Housing Act of 1949 to enable the HHFA to make loans or capital grants on the basis of a local plan covering a general urban renewal area, without requiring the local public agency to identify and submit in advance a plan for the redevelopment of a particular project area.

(b) Amends section 110 (c) of the Housing Act of 1949 to change the definition of "urban renewal project" in two respects. First, the various parts of the definition would be rearranged to consolidate the provisions relating to slum clearance and redevelopment with those relating to rehabilitation and conservation. Second, the requirement that an urban renewal project area be predominantly residential would apply to the entire urban renewal area, including the parts to be rehabilitated.

(c) Amends section 110 (d) of the Housing Act of 1949 to provide that the cost of public facilities financed through special assessments against real property in a project area may be counted as a local grant-in-aid contribution, where the property is to be rehabilitated but not acquired.

(d) Amends section 110 (e) of the Housing Act of 1949 to authorize local public agencies that do not pay taxes on land held for urban renewal purposes to include an amount equal to such taxes in computing their gross project costs.

Section 403: (a) Amends section 102 (d) of the Housing Act of 1949 to permit advances for "general neighborhood renewal plans" for urban renewal areas of such scope that urban renewal therein may be carried out in stages rather than in a single project.

(b) Amends section 104 of the Housing Act of 1949 to provide that local grants-in-aid shall be a maximum of one-third of aggregate net project costs.

(c) Amends section 103 (b) of the Housing Act of 1949 to increase the capital grant authorization under the slum clearance and urban renewal program from \$200 million to \$250 million for the years beginning July 1, 1955, and July 1, 1956.

Section 404: Amends section 106 of the Housing Act of 1949 to provide financial assistance to an individual, family, or business concern displaced from an urban renewal area, as follows: (1) not to exceed \$100 for necessary moving expenses for any individual or family; and (2) not to exceed \$2,000 for any business concern for business losses, including loss of goodwill and necessary moving expenses.

#### TITLE V. PUBLIC HOUSING

##### *Low-rent public housing*

Section 501: (a) Amends section 10 (1) of the United States Housing Act of 1937 to restore the public housing program to the numbers originally provided in the Housing Act of 1949; i. e., a total program of 810,000 units, to be constructed at an annual rate of 135,000 units. For the fiscal year 1956, the authorization of 135,000 units may be increased by the unused portion of the 45,000 units authorized for the fiscal year 1955 under prior legislation. The President is authorized to increase the 135,000 unit figure by 65,000 units, or decrease it by 85,000, upon a determination that economic conditions warrant such a change.

(b) Amends section 13 of the United States Housing Act of 1937 to authorize the PHA to establish general physical standards covering public housing projects, and requires it to allow local agencies maximum discretion as to size of project, type of dwellings, and project densities and design.

(c) Amends section 21 (d) of the United States Housing Act of 1937 to increase from 10 percent to 15 percent the maximum portion of annual contribution and grant funds



for public housing which may be made to any one State.

(d) Repeals certain portions of the United States Housing Act of 1937 and certain provisions in appropriation acts to eliminate restrictions that have been placed upon the original public housing provisions of the Housing Act of 1949.

#### *Farm-labor camps*

Section 502: Amends section 12 of the United States Housing Act of 1937 to direct the PHA, upon request, to transfer farm-labor camps to local public housing agencies, without compensation, and within 12 months of enactment. First occupancy preference is given to low-income agricultural workers, and second preference to other low-income workers. Mineral rights are reserved for the United States.

#### *Disposition of defense housing*

Section 503: (a) Provides for the transfer of 41 temporary defense housing projects constructed or acquired under the Defense Housing and Community Facilities Act of 1951, and two Lanham Act war housing projects, from the Housing Agency to the Department of Defense, effective July 1, 1956.

(b) Provides that 1951 act defense housing not transferred to the Department of Defense must be disposed of as expeditiously as possible, not later than June 30, 1957, on a competitive-bid basis; project IDA-2D1 at Cobalt, Idaho, to be sold for onsite use only.

(c) Directs the HHFA to convey the Lanham Act Tonomy Hill project (RI-37013) at Newport, R. I., to the Housing Authority of the City of Newport, and the Lanham Act Passayunk projects (PA-36011 and PA-36012) in Philadelphia, Pa., to the Housing Authority of the City of Philadelphia.

(d) Amends the Lanham Act by adding a new section 614 to accelerate the disposition of those projects which must be sold for off-site use or as entire projects.

#### **TITLE VI. MISCELLANEOUS**

##### *College housing*

Section 601: (a) Amends section 401 (d) of the Housing Act of 1950 to increase the revolving fund for college housing loans from \$500 million to \$750 million.

(b) Amends section 404 (b) of the Housing Act of 1950 to permit HHFA to make college housing loans to divinity schools.

##### *Research*

Section 602: Authorizes and directs the Housing Administrator to conduct a research program covering the supply and demand factors affecting the housing market, mortgage market problems, the need for low-income and middle-income housing, housing for elderly persons, and related subjects. The Administrator is authorized to enter into research contracts with agencies of State or local governments, educational institutions, and other nonprofit organizations, and to make working agreements on a reimbursable basis, with other agencies of the Federal Government. These contracts and working agreements must not exceed \$500,000 during the fiscal year 1957, and this amount shall be increased by an additional \$1 million on July 1, 1957, and \$1 million on July 1, 1958.

##### *Federal savings and loan associations*

Section 603: (a) and (b) Amend section 5 (c) of the Home Owners' Loan Act of 1933 to permit Federal savings and loan associations to increase their maximum permissible home-improvement loan from \$2,500 to \$3,500, and to permit them to increase from 15 to 20 percent the proportion of their assets that may be loaned on property located beyond 50 miles from the association.

##### *Commission on National Housing Policy*

Section 604: Provides for the establishment of a Commission on National Housing Policy, to make recommendations, by June 30, 1957, relating to the short-term and

long-term housing needs of the Nation; the discounting of Government-supported mortgages; the prospects for developing new sources of investment funds; the extent to which the resources of FNMA can be used to stabilize the mortgage market; and ways and means of increasing the supply of adequate housing for families of moderate income. The Commission would consist of 11 members—5 officials from the executive branch of the Federal Government, and 6 persons to be appointed by the President from private life.

##### *Farm housing*

Section 605: Amends title V of the Housing Act of 1949 to authorize, for a 5-year period beginning July 1, 1956, and ending June 30, 1961, (1) \$450 million for farm housing loans, (2) \$10 million for contributions by the Secretary of Agriculture to prevent defaults in payments of loans for potentially adequate farms, and (3) \$50 million for grants and loans for improvement and repair of certain farms.

##### *Hospital construction*

Section 606: Revives and extends, until June 30, 1957, the authority of the Housing Administrator to make hospital construction loans or grants or other payments under the Defense Housing and Community Facilities and Services Act of 1951, in cases where loans, grants, or payments were denied solely because of the unavailability of funds. For each of the fiscal years 1956 and 1957, the sum of \$5 million is authorized to be expended from appropriations.

##### *Sale of housing projects*

Section 607: (a) Authorizes the Housing Administrator to sell VA-4431, the Chinquapin Village housing project, to the city of Alexandria, Va., or to the Alexandria Redevelopment and Housing Authority.

(b) Amends section 108 (c) of the Housing Amendments of 1955 to increase from 12 months to 24 months the period of time during which Lanham Act project CONN-6028 may be sold to the housing authority of the town of Glastonbury, Conn.

##### *City planning scholarships and fellowships*

Section 608: Authorizes \$500,000 annually for a 3-year period, beginning July 1, 1956, to be used by the Housing and Home Finance Administrator to provide scholarships and fellowships in public and private nonprofit institutions of higher education for the graduate training of professional city planning and housing technicians and specialists.

Mr. SPARKMAN. Mr. President, I believe this is a comprehensive and constructive housing bill, and I urge all Members of the Senate to give it favorable consideration.

Mr. PAYNE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. PAYNE. Mr. President, I rise at this time to say that never before have I had the privilege of being on a committee and enjoying the work as much as I have in serving under the very capable leadership of the Senator from Alabama [Mr. SPARKMAN], who headed up the work in connection with the housing bill. He was eminently fair in giving consideration to every proposal which was brought before the committee, and there was a great deal that was under consideration. He gave full opportunity for everyone to be heard and to have every side of every angle explained over and over again. The bill is a constructive measure, generally, and I should like to ask unanimous consent that a statement which I have prepared in connection with the bill be

printed at the conclusion of the remarks of the Senator from Alabama.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SPARKMAN. Mr. President, I should like to express my appreciation of the kind remarks of the able Senator from Maine. I certainly can reciprocate his expressions, with reference to him and to every member of the subcommittee and of the committee as a whole. I believe I never saw a subcommittee work more smoothly and harmoniously than did our subcommittee. I wish I might have had time, as I went through the bill, to point out who on the subcommittee contributed certain ideas. For instance, there are aspects of the bill which represent the handiwork of the Senator from Maine [Mr. PAYNE]. There are those which represent the work of the Senator from New York [Mr. LEHMAN]. I could go around the committee and point out something in the bill which represents the work of practically every member of the subcommittee.

The Senator from Maine will recall that the subcommittee had before it probably a dozen different bills. The measure now pending is a comprehensive bill which does not represent either the administration bill or any other one bill. I know we have made a conscientious effort to take the best of all the suggestions which have come to us, and the bill represents the work of the entire committee. It is a good bill, and I am glad to have this opportunity, as chairman of the subcommittee, to present it to the Senate.

Mr. LEHMAN. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. LEHMAN. I should like to be permitted to address a few questions to the Senator from Alabama.

Mr. SPARKMAN. I yield for that purpose. I am ready to yield the floor, but I understood that the Senator from New York wished to ask some questions, and I yield for that purpose.

Mr. LEHMAN. Mr. President, first, I wish to compliment the Senator from Alabama for the superb leadership he has shown as chairman of the subcommittee. Later in my remarks I shall refer to the question of middle-income housing, which I consider a highly important subject.

I wish to ask the Senator from Alabama whether my understanding is correct that he intended to direct the staff of the subcommittee to undertake a full study of the question of middle-income housing during the coming months, so that the subcommittee will give the matter full attention, as a matter of priority, when Congress reconvenes next January. I understand that is the intention.

Mr. SPARKMAN. That is my intention; and the Senator from New York will recall that I made that statement in the committee. As a little further background for the interest in this particular subject, I will say that the Senator from New York had a bill pending which was a rather comprehensive bill. Some of the ideas in the pending bill came from that bill. But there is one



matter to which he particularly makes reference, namely, a provision for housing to meet the needs of the low- and middle-income group. I have said many times on the floor of the Senate and in the committee that we have a very good overall housing program, but there is one gap in it for which we have never found a solution by providing adequate housing for what we would call the low- and middle-income group.

The Senator from New York may remember that in 1949 I sponsored a bill similar to his. As a matter of fact, the Senate Banking and Currency Committee reported the bill to the floor of the Senate. It was debated, and we lost on a very close vote, by only 2 or 3 votes. The Senator's bill followed pretty closely the plan which was laid down in 1949.

I feel very definitely that we need such a provision. As a matter of further background, the Senator offered his amendment in the committee and it was rejected by a tie vote.

The committee divided evenly for and against it. Some Senators who voted against it stated that they were doing so because they did not believe we had properly prepared for its presentation at this time. That was when I stated to the committee that it was my purpose to instruct the staff to make this its first objective during the adjournment of Congress, just as last year the staff made the very excellent study on the needs of housing for elderly persons. Very largely based on that study, many bills were introduced at the beginning of this session of Congress.

I think a very worthwhile program has been incorporated in the bill. We know housing bills are pending in the House. The outlook is that something certainly will be done for elderly persons. I believe this is the first comprehensive study which has been made of that situation.

I have instructed the staff that during the adjournment of Congress I expect them to make a comparable study on the question of housing to meet the needs of the low- and middle-income groups.

The Senator from New York may remember that I prepared a bill to provide for a National Housing Policy Commission, which was agreed to by the committee. That proposal is contained in the bill now before the Senate. The Senator will remember that the very first item designated to be studied in that connection is the very problem of housing for the low- and middle-income groups.

Mr. President, I express my thanks to the Senator from New York for the very kind remarks he made about me. At the same time, I wish to express openly my thanks to him for the very useful contributions he has made toward preparing the bill now under consideration. No one has given more time, devoted interest, and effort to a piece of proposed legislation such as this than the distinguished Senator from New York has given toward developing an adequate housing program such as we have tried to incorporate in the bill.

Mr. LEHMAN. Mr. President, I am very grateful to the Senator from Alabama.

#### EXHIBIT 1

##### STATEMENT BY SENATOR PAYNE

The Senate Committee on Banking and Currency and its Subcommittee on Housing, of which I am a member, have worked for several months to write a housing bill which will meet the housing needs of the Nation. A large part of S. 3855, now under consideration, is essentially in the nature of tightening up existing legislation so that such programs as urban renewal and redevelopment can go forward at a faster pace. S. 3855 reflects a great deal of bipartisan work done both within the Subcommittee on Housing and in cooperation with the administration. And although there are some provisions of the bill with which I cannot personally agree, on the whole the bill is a good one. My distinguished colleague, the junior Senator from Alabama [Mr. SPARKMAN], chairman of the Subcommittee on Housing, is to be highly commended for the excellent work which he has done both in the past and during this session to provide a sound national housing program.

One of the outstanding features of S. 3855 is title II, which provides for a bold new program of housing for the elderly. This is an area of housing which presents special problems. In the past, there has been insufficient recognition given to the special housing needs of elderly people in our population. However, the Senate Subcommittee on Housing devoted a great deal of attention to this problem in its consideration of housing legislation for this year. Taking the best provisions from a variety of proposals with wide bipartisan sponsorship, the bill now provides a full and distinct program of housing for the elderly.

Specifically, title II of S. 3855 would facilitate FHA insured mortgages for elderly housing by guaranteeing mortgages up to 100 percent for elderly owner-occupants in sales housing and in rental housing if the mortgagor is a public or private nonprofit organization. Further, if a mortgagor is 60 years or over, a third party may provide the downpayment and act as cosigner of the mortgage note.

In public housing, elderly persons with low incomes would be given a first preference for occupancy of existing public housing units and an additional 15,000 low-rent housing units designed especially for the elderly would be constructed annually for the next 5 years.

I do not think that anyone would pretend that title II represents the final solution to the problems of housing for the elderly. But by adoption of title II, this Congress can make a firm and realistic start toward the solution of what is increasingly a major social problem in the United States—that of providing adequate and safe housing for the growing numbers of senior citizens in our population.

Another important field in which S. 3855 takes effective measure is that of military housing. S. 3855 will extend the military housing program for 3 years, an extension of vital importance if we are to continue and expand this very worthwhile program. To my mind, it has been clearly demonstrated that one of the major reasons why men in our Armed Forces fail to make the service a career is the lack of adequate housing for their wives and children. Through a program of military housing, it is possible to provide attractive living quarters for enlisted and officer personnel which will be comparable to the quarters that these men and their families could obtain in civilian life.

The military housing provisions of S. 3588 also contain language designed to take care of the problem which has arisen in regard to Wherry housing projects on or near military establishments. The intent of the mili-

tary housing program is not to supplant Wherry housing but to supplement it and to satisfy new housing needs of the military. By establishing a clearer and more specific definition of policy and responsibility in regard to occupancy of existing Wherry housing, it is intended that future difficulties will be avoided.

I do not wish to prolong my remarks on S. 3588 at this time. I point out in closing, however, that there are many excellent features of the bill in reference to urban renewal, home improvement loans, and FHA-insured mortgages which contribute substantially to the overall soundness of S. 3855.

Mr. LEHMAN. Mr. President, I ask unanimous consent that a statement I have prepared on the need for action on middle-income housing, together with a summary of an amendment proposing the creation of a National Mortgage Corporation and the text of the amendment, be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

##### THE FORGOTTEN FAMILIES OF MIDDLE INCOME AND THEIR HOUSING NEEDS

One of the most serious deficiencies in American life, both economic and social, is the lack of proper housing for people of modest means. They are roughly classified as "families of middle income." Specifically we refer to those whose incomes are too high to be eligible for subsidized low-rent public housing but too low to afford available private structures of sound construction in good neighborhoods.

Throughout the hearings of the Subcommittee on Housing of the Senate Committee on Banking and Currency the importance of meeting this growing, critical, housing need was pointed up by competent witnesses. In an effort to provide a partial, if not a total answer to this problem, eight of my distinguished colleagues and I introduced S. 3158, title II of which would have created an entirely new program of nonsubsidized housing for these people. In the executive sessions of the Banking and Currency Committee this program was submitted in a modified form. It was defeated by a tie vote of 6 to 6. A copy of that amendment will be included at the conclusion of this statement.

I am confident that a majority of the committee, if not all of its members, agreed that an answer must be found to the housing needs of persons of modest means if we are ever to reach our stated national policy adopted in 1949 by the Congress as seeking "a decent home in an adequate living environment for every American family." It is recognized that the problem is complicated, and not easy of solution. Progress has been made, however, in recognizing and defining the problem. I am happy to know that its thorough analysis followed by legislative recommendations will be the next order of business of the Subcommittee on Housing of the Committee on Banking and Currency.

Unfortunately, precise information as to the housing needs of these families is scarce. We do know, however, that the 1950 census showed that there are approximately 7 million dwellings in the urban centers of our country that should be demolished. In addition there are some 2 million substandard dwellings subject to rehabilitation. For the purpose of this statement I am excluding an additional 6 million substandard American dwellings located in rural and rural non-farm areas.

It has long been estimated, and experience with the limited urban redevelopment and



renewal programs that are presently under way has confirmed, that approximately half of the persons living in these disgraceful dwellings and neighborhoods have incomes so low that they are eligible for low-rent public housing. The other half fall to a very large degree within the middle income-range for which no proper housing is now, or will be available, unless Congress acts to meet this need.

It is an established fact that until ways and means are found to supply nonsubsidized housing for these families at monthly costs within their means, slum clearance and urban renewal programs for which we claim so much will be stopped after the first few pilot projects. The same holds true of an adequate program of low-rent public housing. We cannot stabilize, rebuild and replan our cities, unless the vast human needs of families, people, our fellow Americans who are to be displaced from their present homes are cared for properly. S. 3855, which I hope the Senate will adopt today by an overwhelming majority, takes significant strides in the field of low-rent public housing, if it is adopted as reported by the committee. But it is silent in this other vital area that is of equal importance to our national welfare.

The finest statement that I have seen on middle income housing was contained in a report to Gov. Averell Harriman from Joseph P. McMurray, commissioner, Division of Housing of the State of New York. Most every member of the Senate remembers Joe McMurray as the able staff director and later special counsel of the Banking and Currency Committee. He is presently giving outstanding leadership in housing in my State. I wish to quote some sections of his report:

"A large gap exists between the rentals for low-rent public housing and rent-controlled housing on the one hand, and the rentals required for unsubsidized new housing on the other. This gap is not being closed but is widening. To preserve New York's vitality, housing must be provided for middle-income families, who make up the heart of the productive working forces of the State. To supply them with medium-rental housing used to be a profitable private business, but it is now a difficult and declining one.

"While the extent of the middle-income housing problem is obvious, substantial study is required to set reasonably exact figures on the need for this type of housing. Certain factors will, however, illustrate the great need which exists for housing for families in this income group, particularly those living under substandard or overcrowded conditions.

"The census of 1950 showed about 732,000 New York State dwelling units dilapidated or lacking adequate plumbing facilities. Large though this figure may appear, it actually understates the problem. Many areas, even though their dwellings might have the required plumbing, are so run down and comprise an environment so detrimental to adequate living that the inhabitants are held captive only because they have no alternative.

"The Federal title I slum clearance areas in New York City are an example of the shortcomings of the Census definition. If the four most substandard of these title I areas are considered, only 40 percent of the dwellings are dilapidated or lack adequate plumbing facilities; yet these areas are considered generally substandard and unfit for decent living, and are slated for demolition.

"While it is generally supposed that families occupying these substandard dwellings are only of low income and thus eligible for subsidized public housing, this is not actually the case. More than half of the families of this State who live in substandard housing are not eligible for public housing projects under present income limitations. Demolition for public and private construction,

substandard housing, overcrowding, and obsolescence are not ills which strike only at the very poor. The areas in which these conditions exist contain a substantial number of families in the middle-income group who face an even greater problem of relocation than do the lower-income groups for whom subsidized public housing is available and for which they have legislative preference.

"On title I slum-clearance sites in New York City, for example, surveys have shown almost half as many families in the middle-income range as in the group eligible for low-rent housing. These are the families who face the most serious problem of relocating, and who are being driven, slowly but inexorably, into the remaining slums and into areas which, because of overcrowding and improper maintenance of the property, are likely to become the slums of the future.

"It is estimated that the middle one-third of the families of New York State earn between \$3,750 and \$5,900 per year. These figures exclude one-person families. Of the 1,458,000 families in the State in this income group, an estimated 140,000 live in units which are dilapidated or lack adequate plumbing facilities. These represent about 10 percent of all families in the middle-income group and about 20 percent of all families in substandard housing. On the basis of spending one-fifth, rents could then range from \$63 to \$98 per month. Yet little housing is being built at these rental levels, outside of the limited amount of no-cash-subsidy housing in New York City, which does not begin to meet the need.

"The magnitude of the existing need for middle-income housing is shown by the amount of money needed to provide decent housing for this group. Considering only the 140,000 units which are dilapidated or lack proper plumbing, and which are occupied by middle-income families, an expenditure of about \$1.8 billion would be required. Yet it is obvious that the actual need for housing families in the middle-income group is far greater than merely the replacement of the 140,000 physically substandard units."

The need as described in the State of New York is repeated to varying degrees in every State and urban center of our country. Since 1926 we have attacked this problem affirmatively in New York. Only last year the 1955 Limited Profit Housing Companies Act became law. From it we are building a body of knowledge as to construction costs, operating expenses, financing, and operation which will be of material assistance in helping to frame national legislation. It is already obvious that Federal legislation in this vast area of housing needs is essential to supplement all that we can possibly do locally and statewide. There must be a reservoir of Government-guaranteed mortgages, or direct loans to nonprofit corporations or cooperatives carrying longer periods of amortization and lower interest rates than presently charged, if we are to progress toward achieving proper housing for families of moderate income. We envision a program of homes that will be privately built, privately owned and operated, and privately financed, attracting great reservoirs of savings that do not enter the mortgage market at this time.

This is a national problem. No metropolitan area in this country has escaped the flight to the suburbs by families who mortgage their souls, and assume transportation costs to places of employment that cut deeply into their budgets for food, clothing, health, and entertainment, to escape slum surroundings. When families of upper middle income and all who can possibly join them desert the city, it becomes a place for the very rich and the very poor. The best of community leadership is lost. It is a growing disease that must be arrested or our national security and way of life is endangered.

To meet these critical housing needs many of us suggest the following measure for the creation of a housing program to assist families of modest income. When this need is met, then, and only then can we begin to demolish slums effectively and rebuild our communities.

I urge that my colleagues study this proposal. I am delighted that the Subcommittee on Housing of the Committee on Banking and Currency plans to make housing for middle-income families its first order of business. I have great hope that when legislation is presented next year, after staff studies and extensive hearings and investigations have been held that even better recommendations than those that I submit for your consideration today, will be forthcoming.

#### SUMMARY OF AMENDMENT TO S. 3855, HOUSING FOR MIDDLE-INCOME FAMILIES AND FOR ELDERLY PERSONS

The National Mortgage Corporation is created with authority to make and service loans and issue obligations in aid of a program of housing for families of moderate income and for elderly persons. Eligible borrowers under this program include (i) certain private nonprofit cooperative ownership housing corporations, and (ii) private corporations authorized to provide dwellings for which charges are agreed upon or for sale to private nonprofit cooperative ownership housing corporations. The National Mortgage Corporation is authorized to issue capital stock to be subscribed for by the Secretary of the Treasury up to an amount not to exceed \$100 million at any time. The Corporation may issue capital stock for subscriptions by corporate eligible borrowers and each such borrower must subscribe for capital stock in an amount equal to 5 percent of the mortgage loan which it seeks from the Corporation. The amendment prescribes the methods of payment, the terms and conditions of payment for the stock and for mortgage loans. The method of retirement of the capital stock held by the Secretary of the Treasury is described as well as the distribution of the assets upon liquidation of the Corporation. The amendment authorizes the Corporation to make mortgage loans to eligible borrowers or commitments to purchase or participate in loans made by any FHA approved mortgages or to finance the development of a housing project upon certain certifications by the Administrator. Borrowers agree, among other things, to establish a schedule of rents or charges which will permit dwellings constructed to be made available to families of moderate income and to elderly persons. The Corporation is authorized to issue notes or other obligations in an aggregate annual amount not to exceed \$500 million except that with the approval of the President this amount may be increased after July 1, 1957, by additional amounts aggregating annually not more than \$1 billion. The aggregate amount outstanding at any one time however is limited. Terms and conditions and procedure upon default of these obligations are prescribed. The Corporation is required to carry a reserve account for losses equal to one-fourth of 1 percent of the outstanding balance of mortgage loans. Not more than 10 percent of the funds shall be expended in any one State. Veterans preferences are provided for within other classes of preferences. Provision is made for taxes, protection of labor standards and penalties. The amendment in general is based on title III of S. 2246 introduced in 1950.

[S. 3855, 84th Cong., 2d sess.]

Amendment intended to be proposed by Mr. LEHMAN to the bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and



for other purposes, viz: On page 60, following line 22, insert the following:

**"TITLE VII. HOUSING FOR MIDDLE INCOME FAMILIES AND FOR ELDERLY PERSONS**

"SEC. 701. The purpose of this title is to provide a means whereby housing of sound standards of design, construction, livability, and size for adequate family life, and for elderly persons in well-planned, integrated residential neighborhoods can be produced and made available for families of moderate income and for elderly persons by making financial assistance available to cooperative housing and other nonprofit corporations, for housing which is of such design and construction as will promote economies, both in construction and in operation and maintenance, which will be fully reflected in reduced rents or charges.

**"CREATION AND POWERS OF NATIONAL MORTGAGE CORPORATION**

"SEC. 702. (a) To effectuate the purpose of this title, there is hereby created a body corporate to be known as the 'National Mortgage Corporation' (hereinafter referred to as the 'Corporation') with authority, as herein provided, to make and service loans, issue obligations in such amounts, at such times, and on such terms as the Corporation may determine, and to exercise the other powers, and duties prescribed in this title. In the performance of, and with respect to, the functions, powers, and duties vested in it by this title, the Corporation, notwithstanding the provisions of any other law, may—

"(1) adopt and use a corporate seal;

"(2) sue or be sued in any Federal, State, or local court of competent jurisdiction;

"(3) enter into contracts with regard to section 3709 of the Revised Statutes and make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes, and include in any contract or instrument made pursuant to this title such other provisions as the Corporation deems necessary to assure that the purposes of this title will be achieved;

"(4) foreclose on any property or take any action to protect or enforce any right conferred upon it by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which it has made a loan pursuant to this title;

"(5) pay all expenses or charges in connection with, and deal with, complete, reconstruct, improve, rent, manage, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit, or lease in its discretion, in whole or in part, any project acquired pursuant to this title and to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to, it in connection with the acquisition or disposal of any housing project pursuant to this title, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real or personal property: *Provided*, That any such acquisition of real property shall not deprive the State or any political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under State or local laws of the inhabitants on such property;

"(6) acquire, hold, sell or exchange at public or private sale, or lease, or otherwise dispose of, real or personal property, and sell or exchange any securities or obligations;

"(7) obtain insurance against loss in connection with property and other assets held;

"(8) subject to the specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, or any other term, of any contract or agreement to which it is a party or which

has been transferred to it pursuant to this title;

"(9) utilize and act through, with regard to section 3709 of the Revised Statutes, any Federal, State, or local public agency or instrumentality, or nonprofit agency or organization, with the consent of the agency or organization concerned, and contract with any such agency, instrumentality, or organization for the furnishing of any services or facilities; and may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes;

"(10) enter into contracts with any FHA-approved mortgagee to service loans made by such institution; and

"(11) do all things which are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

"(b) The Corporation shall have power, with the approval of the Housing and Home Finance Administrator (hereinafter referred to as the 'Administrator') to select, employ, and fix the compensation of such officers and employees as shall be necessary for the performance of its duties under this title, without regard to the provisions of laws applicable to the employment, compensation, leave, or expenses of officers and employees of the United States: *Provided*, That the rates of basic compensation of its officers and employees shall be comparable to those established for officers and employees under the Classification Act of 1949, as amended. Except as provided in provisions of law relating specifically to mixed-ownership Government corporations, the Corporation may determine the necessity for and the character of its obligations and expenditures and the manner in which they shall be incurred, allowed, and accounted for. The business of the Corporation shall not be considered official business of the United States within the meaning of any statute permitting the free use of the United States mails.

**"Powers of Administrator**

"SEC. 703. The Administrator shall supervise the Corporation, shall perform the other duties prescribed herein, and shall have the power to adopt, amend, and require the observance of such rules, regulations, and orders as shall be necessary from time to time for carrying out the purposes of this title and for coordinating the activities of the Corporation with the housing functions and activities administered within the Housing and Home Finance Agency, or any of its constituent agencies, and with the general economic and fiscal policies of the Government, and in carrying out these responsibilities the Administrator shall consult with the Board of Directors of the Corporation who shall, in addition to their responsibilities under section 702 hereof, act as an advisory board to the Administrator in the administration of this title. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may exercise any of the powers enumerated in the second sentence of section 702 (a) of this title and shall—

"(a) estimate the need for housing for middle-income families and elderly persons in each housing market area of the country and allocate to each area its appropriate share of the loan funds authorized by this title;

"(b) appoint a director to exercise, under the direction and supervision of the Administrator, the functions, powers, and duties vested in the Administrator by this title, and the basic rate of compensation of such position shall be the same as the basic rate of compensation established for positions of similar responsibility in the Housing and Home Finance Agency: *Provided*, That the

Administrator may, in his discretion, delegate any of the functions, powers, and duties vested in him by this title to any officers or employees under his direction and supervision;

"(c) take such steps as he deems necessary and desirable to assure that the benefits of this program are not dissipated through speculative devices, to assure that the organization of the borrower and its proposed methods of operation are such as will avoid its use for speculative purposes or the payment of excessive fees, salaries, or charges in connection with the housing project, and to encourage borrowers to adopt methods by which occupants of dwellings may be permitted to reduce their rentals or other occupancy charges by occupant maintenance and repair or other means of self-help and methods whereby they may acquire (subject to the right of a cooperative to repurchase) ownership of their individual dwellings where such dwellings are free standing;

"(d) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended;

"(e) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That such financial transactions of the Administrator as the making of advances of funds and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government; and

"(f) make an annual report to the President, for transmission to the Congress, to be submitted as soon as practicable following the close of the year for which such report is made.

**"Capital stock**

"SEC. 704. (a) The Corporation may issue capital stock from time to time which shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the Corporation: *Provided*, That the total amount of such stock subscribed for and held by the Secretary of the Treasury at any time shall not exceed \$100 million. Stock held by the Secretary of the Treasury shall be preferred as to dividends and assets of the Corporation and shall be entitled to cumulative dividends for each year equal to a return on the average amount, at par, of such stock outstanding during such fiscal year at a rate determined by the Secretary of the Treasury, taking into consideration the probable term of the stock investment and the current average rate on outstanding marketable obligations of the United States as of the last day of the sixth month of such fiscal year. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to enable the Secretary of the Treasury to make payments on such stock when called. Such stock or any part thereof may be retired at any time by the Corporation.

"(b) The Corporation may issue capital stock from time to time for subscriptions by corporate eligible borrowers. In order to assure direct financial participation by borrowers, each such eligible borrower shall, as a condition precedent to obtaining any mortgage loan from the Corporation as hereinafter provided, subscribe for capital stock of the Corporation in an amount equal to 5



percent of the original principal amount of such loan. In the case of a borrower of the character described in section 710 (b) (1) hereof, such stock subscriptions shall be paid for in cash at the time of application for the loan, or, at the election of the borrower, one-fourth of the total amount payable shall be paid at the time of application, one-fourth shall be paid when the housing project, for which such loan is made, is completed and ready for occupancy as determined by the Corporation, and the balance shall be paid in installments within 20 years thereafter. In the case of a borrower of the character described in section 710 (b) (2) hereof, such stock subscription shall be paid in installments within 20 years after the receipt of the first proceeds of the loan. Each borrower shall hold such stock in the Corporation until the value thereof shall equal, or be greater than, the unpaid balance of the mortgage loan, and any such unpaid balance shall be paid out of the proceeds of any sale of such stock. Dividends payable on stock paid in by a borrower shall be credited to any payments subsequently due on the stock subscription of such borrower.

"(c) After the amount of capital of the Corporation paid by such subscribers, other than the United States, equals \$50 million, the Corporation shall thereafter apply annually to the payment and retirement of the shares of the capital stock held by the Secretary of the Treasury, all sums paid in as capital until all such capital stock held by the Secretary is retired at par plus any dividends which shall have accrued on such stock: *Provided*, That no such capital stock held by the Secretary shall be retired if such retirement would reduce the net capital, reserves, and surplus of the Corporation to an amount less than \$150 million.

"(d) Upon any liquidation of the Corporation, all stockholders (including the United States if any of its stock has not been retired) shall share, in proportion to the stock held, in any assets of the Corporation, in excess of the amount necessary to retire all outstanding stock at par, to pay accrued dividends on preferred stock, and to retire, pay, or settle all outstanding obligations and claims.

#### "Board of directors

"SEC. 705. The management of the Corporation shall be vested in a board of five directors appointed by the Administrator. The directors who are first appointed shall be designated to serve for terms of 1, 2, 3, 4, and 5 years, respectively, from the date of their appointment, but thereafter directors shall be appointed for a term of office of 5 years except that all vacancies shall be filled for the unexpired term. A director shall hold office until his successor has been appointed and has qualified, unless sooner removed according to this section.

"The first, third, and fifth vacancies resulting from the expiration of the initial terms of office shall be filled by the appointment of directors from among the members of stockholding corporations or other persons representative of housing cooperatives, and the successors to each of such directors shall also be appointed from among members of stockholding corporations or other persons representative of housing cooperatives: *Provided*, That after all of the capital stock of the Corporation held by the Secretary of the Treasury has been retired as herein provided, all directors shall be appointed from among members of stockholding corporations or other persons representative of housing cooperatives. The Administrator shall designate a chairman from among the directors. The Administrator may remove a director from office at any time for inefficiency or failure to comply with any applicable provisions of this title or regulations issued thereunder. The Corporation may pay its directors reasonable compensa-

tion for their services and necessary expenses, subject to the approval of the Secretary.

#### "Mortgage loans

"SEC. 706. (a) To assist the production of housing of sound standards of design, construction, livability, and size for adequate family life available for families of moderate income, and for elderly persons, the Corporation, upon application of an eligible borrower (as herein defined) and subject to the terms and conditions of this title, may make a mortgage loan (including advances during the development of the housing project) to such borrower, or to enter into commitments to purchase or repurchase loans or to finance the development of a housing project to be undertaken by such borrower: *Provided*, That no such loan shall be made unless—

"(1) the Administrator shall have certified that—

"(A) the borrower is an eligible borrower of the character described in section 710 (b) hereof and that, in the case of a nonprofit cooperative ownership housing corporation, the membership thereof is comprised predominantly of families of moderate income, or elderly persons (or both) or that, in the case of a nonprofit corporation to operate such housing project, the dwellings in such housing project are to be made available to families of moderate income or elderly persons;

"(B) the proposed housing project will meet a need for housing of families of moderate income or elderly persons;

"(C) the location and physical planning of the housing project will afford reasonable assurance as to the stability of the neighborhood, and the dwellings in the housing project will meet sound standards of design, construction, livability, and size for adequate family life or for elderly persons; and

"(D) the housing project will not be of elaborate or extravagant design or construction, and such design and construction and the proposed methods of construction and of operation and maintenance are such as will promote such economies as are contemplated to be achieved through the nonprofit character of the borrower, increased efficiency in production through the use of new or improved materials and techniques and methods of construction or otherwise, increased efficiency in operation and management, minimum necessary operating services, occupant maintenance, or otherwise; and

"(2) the borrower shall have agreed with the Corporation—

"(A) that it will not incur or pay any excessive fees, salaries, or charges in connection with the housing project;

"(B) to establish an initial schedule of rents or charges for the dwellings in the housing project which will permit such dwellings to be made available for families of moderate income, or for elderly persons, and that such initial schedule of rents or charges and all revisions thereof shall be subject to the prior approval of the Corporation: *Provided*, That the Corporation shall not approve any initial schedule of rents or charges unless the Secretary has certified that such rents or charges will permit the dwellings to be made available for families of moderate income or for elderly persons;

"(C) to give preference in the selection of tenants for the housing project (as among eligible applicants) first, to families displaced by public clearance or enforcement action; second, to families living in substandard homes; and, third, to families living in overcrowded homes, veterans to have preference in each category: *Provided*, That in respect to dwelling units specifically designed and designated for elderly persons, such persons shall have a preference for the tenancy of such housing, without regard to the foregoing preferences.

"(D) to maintain the housing project, including all equipment therein, and all appurtenances thereto, in good condition throughout the life of the mortgage loan, and to establish and maintain adequate reserves for repairs, maintenance, and replacements necessary to so maintain such housing project; and

"(E) to comply with such other terms and conditions as the Corporation finds, prior to the mortgage loan, are necessary or desirable to carry out the purposes of this title; and

"(3) in the case of a borrower of the character described in section 710 (b) (2), the members thereof at the time of making application for the mortgage loan shall be equal to at least 30 percent of the number of members proposed to be served by such housing project: *Provided*, That, prior to the receipt of any proceeds of such mortgage loan, the members of such borrower shall be equal to at least 80 percent of the number of members proposed to be served by such housing project; and

"(b) The mortgage loan shall involve a principal obligation in an amount (1) not exceeding the development cost (as herein defined) of the housing project as determined by the Secretary, and (2) not exceeding such amount as the Secretary shall have determined to be the maximum within which the project must be constructed in order that it may be made available for families of moderate income at rentals or charges within their means. No loan shall be made under section 710 (b) (1) and (2) unless the mortgagor has agreed to certify the cost in the manner as provided by section 227 of the National Housing Act for Federal Housing Administration mortgage insurance.

"(c) The mortgage loan shall provide for complete amortization within a period of 40 years by periodic payments upon such terms as the Corporation shall prescribe, and shall bear interest, on the amount of the principal obligation outstanding at any time, at a fixed rate, based on the cost to the Corporation of capital investments and borrowings from the private market, plus one-half percent to compensate the Corporation for its estimated overhead and administrative expenses in connection with such loan and for proportionate payments to required reserves. In the event of the refinancing of the loan (within such period as the Corporation shall prescribe), if the cost to the Corporation of capital investment and borrowings from the private market makes necessary an increase in the rate of interest which, pursuant to this subsection, the Corporation is required to charge on the mortgage loan, the amortization period may be extended to a date not later than 50 years after the date of the original mortgage: *Provided*, That no such extension shall be made unless the Corporation determines that the increase otherwise resulting in the rents or charges for the dwellings in the housing project would adversely affect the stability of such housing project. The mortgage loan may, in the discretion of the Corporation, include provisions for the deferment of payments of principal and interest thereunder: *Provided*, That such deferments shall not in the aggregate result in an extension of the maturity of the mortgage for a period of more than 3 years nor shall any such deferments result in an extension of the maturity of the mortgage for more than 3 years beyond the mortgage maturity otherwise authorized herein.

"(d) Subject to the provisions of this section, the mortgage loan shall be in such form, contain such provision as to security, repayment, and redemption, and be subject to such other terms and conditions as the Corporation may determine: *Provided*, That in the case of a borrower of the character described in section 710 (b) (2), the mortgage loan shall contain provisions requiring that such borrower have, to the extent permitted by State and local law, a priority for the pur-



chase of the interest of each of its members in the dwelling of such member in the event of the sale of such interest.

"(e) The borrower may, with the consent of the Corporation, pledge the contract or commitment of the Corporation to make a mortgage loan hereunder as security for a loan of construction funds from other sources.

"(f) The Corporation may charge to the borrower (in addition to any interest charges) an amount not exceeding 2½ percent of the principal amount of the mortgage loan for inspection and other services during the construction of the housing project. Such service charges may be included as a part of the development cost of the project and may be payable from the proceeds of any mortgage loan or advances thereon.

#### *"Obligations of Corporation"*

"SEC. 707. (a) The Corporation is authorized to issue and have outstanding on and after July 1, notes or other obligations in an aggregate annual amount not to exceed \$500 million except that with the approval of the President such aggregate annual amount may be increased at any time or times on or after July 1, 1957, by additional amounts aggregating annually not more than \$1 billion upon a determination by the President, taking into account the general effect of any such increase upon conditions in the building industry and upon the national economy, that such increase is in the public interest: *Provided*, That the aggregate amount outstanding at any one time shall not exceed (1) 15 times the aggregate par value of the Corporation's outstanding capital stock and surplus, or (2) the unpaid principal of mortgage loans contracted for or held by it under this title (without regard to amounts of prior advances on such loans), plus the value (as determined by the Corporation) of any acquired properties, the amount of its cash on hand and on deposit, and the amount of its investments authorized herein.

"(b) The failure of the Corporation to make any payment due under or provided to be paid by the terms of any note or other obligation issued by the Corporation pursuant to subsection (a) of this section shall be considered a default under such note or other obligation, and, if such default continues for a period of 30 days, the holder of such note or obligation shall be entitled to receive debentures (in principal amount equal to the unpaid principal of the defaulted note or other obligation of the Corporation plus any interest due and unpaid on such note or other obligation), as hereinafter provided, upon assignment, transfer, and delivery to the Corporation, within a period and in accordance with rules and regulations to be prescribed by the Corporation, of the note or other obligation in default. Debentures issued under this subsection shall be executed in the name of the Corporation as obligor, shall be signed by the Chairman of the Board of Directors of the Corporation by either his written or engraved signature, and shall be negotiable. Such debentures shall bear interest at a rate determined by the Corporation, with the approval of the Secretary of the Treasury, at the time the defaulted note or other obligation of the Corporation was issued, but not to exceed 3 percent per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature 3 years after the 1st day of July following the maturity date of the defaulted note or other obligation of the Corporation in exchange for which such debentures were issued. Such debentures shall be paid out of the insurance fund or out of any funds of the Corporation which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debenture.

In the event the Corporation fails to pay upon demand when due, the principal of, or interest on, any debenture so guaranteed, the Secretary of the Treasury shall pay to the holder or holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holder or holders of such debentures. Debentures issued under this subsection (b) shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provision for redemption, if any, as may be prescribed by the Corporation with the approval of the Secretary of the Treasury, and may be in coupon or registered form, and shall not be subject to the limitations prescribed by subsection (a) of this section. Any difference between the amount of debentures to which the holder of the defaulted note or other obligation of the Corporation is entitled under this subsection (b) and the aggregate principal amount of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Corporation. The Corporation may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this subsection (b). Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this title. Debentures so purchased shall be canceled and not reissued.

#### *"Reserves, dividends, and investment of funds"*

"SEC. 708. The Corporation shall carry to a specific reserve account for losses, to be known as the Insurance Fund, semiannually from interest receipts on mortgage loans amounts equal to one-fourth of 1 percent per annum of the then outstanding balance of such mortgage loans. The Corporation shall make such chargeoffs on account of depreciation or impairment of its assets as the Secretary shall require from time to time. In addition to the Insurance Fund reserve account for losses, the Administrator shall require the establishment and maintenance of, and the Corporation shall establish and maintain, such reserve or reserves as he deems necessary. No dividends shall be paid except out of net earnings remaining after all reserves and chargeoffs required under this title have been provided for, and then only with the approval of the Administrator. Such reserves, including the Insurance Fund, and all other funds of the Corporation not invested in mortgage loans or operating facilities, shall be kept in cash or on deposit or invested in bonds or other obligations of, or guaranteed as to principal and interest by, the United States.

#### *"Maximum funds for any one State"*

"SEC. 709. Not more than 10 percent of the funds provided for in this title either in the form of advances or loans, shall be expended in any one State.

#### *"Definitions"*

"SEC. 710. As used in this title, the following terms shall have the meanings, respectively, ascribed to them below, and unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) For the purposes of this title 'families of moderate income' means families whose incomes preclude them from purchasing or renting conventionally financed new housing with total monthly housing expenditures of 20 percent of their normal stable income as defined by the Federal Housing Administration.

"(b) 'Eligible borrower' or 'borrower' shall mean (1) any private nonprofit cooperative ownership housing corporation the perma-

nent occupancy of the dwellings of which is restricted to the members of such corporation, or (2) any private corporation, borrowing directly on a commitment from the National Mortgage Corporation, and authorized to provide dwellings (1) the occupancy of which is to be permitted in consideration of agreed charges, or (ii) for sale to a corporation of the character described in clause (1) of this paragraph.

"(c) The term 'corporation' (except when used to designate the corporation created by section 702 hereof) shall mean either 'corporation' or 'trust' and references to members of such corporations shall with respect to trusts mean the beneficiaries thereof.

"(d) 'Housing project' shall mean a project (including all property, real and personal, contracts, rights, and choses in action acquired, owned, or held by a borrower in connection therewith) of a borrower designed and used primarily for the purpose of providing dwellings: *Provided*, That nothing in this title shall be construed as prohibiting the inclusion in a housing project of such stores, offices, or other commercial facilities, recreational or community facilities, or other nondwelling facilities as are necessary appurtenances to such housing project.

"(e) 'Development cost' shall mean (1) the amount of the reasonable costs incurred by the borrower in, and necessary for, carrying out all works and undertakings for the development of a housing project and shall include the cost of all necessary surveys, plans, and specifications, architectural, engineering, or other special services, land acquisition, site preparation, construction, and equipment, interest incurred during the development of the housing project up to the time of completion, initial working capital for the administration of the housing project, necessary expenses (including any initial operating deficit) in connection with the initial occupancy of the housing project; and the cost of such other items as the Administrator or Corporation shall determine to be necessary for the development of the housing project, or (2) the cost, as approved by the Administrator or the Corporation, incurred by the borrower in, and necessary for the acquisition of, a housing project developed with a loan made under this title.

"(f) 'Mortgage' or 'mortgage loan' shall mean a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than 99 years which is renewable or (2) under a lease having a period of not less than 75 years to run from the date the mortgage was executed; and the term 'first mortgage' shall mean such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

"(g) The term 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time (i) on or after September 16, 1940, and prior to July 26, 1947, (ii) on or after April 6, 1917, and prior to November 11, 1918, or (iii) on or after June 25, 1950, and prior to February 1, 1955, and who shall have been discharged or released therefrom under conditions other than dishonorable. The term 'serviceman' shall mean a person in the active military or naval service of the United States who has served therein at any time (i) on or after September 16, 1940, and prior to July 26, 1947, (ii) on or after April 6, 1917, and prior to November 11, 1918, or (iii) on or after June 25, 1950, and prior to February 1, 1955.

"(h) The term 'going Federal rate' shall mean the annual rate of interest (or, if there shall be two or more such rates of interest, the highest thereof) specified in the most recently issued bonds of the Fed-



eral Government having a maturity of 10 years or more.

"(i) 'State' shall mean the several States, the District of Columbia, and the Territories, dependencies, and possessions of the United States.

"(j) The term 'Elderly persons' includes a person 60 years of age or over or a family the head of which or his spouse is 60 years of age or over.

*"Amendments of other acts*

"Sec. 711. (a) The sixth sentence of paragraph seventh of section 5136 of the Revised Statutes, as amended (12 U. S. C. 24), is amended by inserting before the comma after the words 'or obligations of the Federal National Mortgage Association' the following: ', or notes, debentures, or other obligations of the National Mortgage Corporation.'

"Section 5200 of the Revised Statutes, as amended (12 U. S. C. 84), is amended by adding at the end thereof, the following:

"(12) Notes, obligations, and debentures of the National Mortgage Corporation shall not be subject to any limitation based upon such capital and surplus."

"(b) Section 201 of the Government Corporation Control Act (31 U. S. C. 856) is hereby amended by striking out the words 'and (4) Federal Deposit Insurance Corporation' and inserting in lieu thereof '(4) Federal Deposit Insurance Corporation, and (5) National Mortgage Corporation.'

*"Taxes*

"Sec. 712. All real property and tangible personal property of the Corporation shall be subject to State, county, municipal, or local taxation to the same extent according to its value as other similar property is taxed, and any real property shall be subject to special assessments for local improvements. Except as to such taxation of real property and tangible personal property, the Corporation, including but not limited to its franchise, capital, reserves, surplus, income, assets, and other property, shall be exempt from all taxation now or hereafter imposed by the United States or by any State, county, municipality, or local taxing authority. All notes, debentures, and other obligations of the Corporation shall be exempt, both as to principal and interest, from all taxes (except surtaxes, estate, inheritance, and gift taxes) by any State, county, municipality, or local taxing authority.

*"Protection of labor standards*

"SEC. 713. In order to protect labor standards—

"(a) any contract for a loan pursuant to this title shall contain a provision requiring: (1) That not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law), by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians, employed in the development, and to all maintenance laborers and mechanics employed in the administration, of the housing project involved; (2) that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics employed in the development of the housing project involved; and (3) that certification as to compliance with the provisions of this subsection be made prior to the making of any payment under such contract;

"(b) the provisions of title 18, United States Code, section 874, and of section 2 of the act of June 13, 1934, as amended (40 U. S. C. 276c), shall apply to any housing project financed in whole or in part with funds made available pursuant to this title;

"(c) any contractor engaged on any housing project financed in whole or in part with funds made available pursuant to this title shall report monthly to the Secretary of

Labor, and shall cause all subcontractors to report in like manner, within 5 days after the close of each month and on forms to be furnished by the United States Department of Labor, as to the number of persons on their respective payrolls on the particular housing project, the aggregate amount of such payrolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.

*"Penalties*

"Sec. 714. (a) Any person who induces or influences a borrower hereunder to purchase or acquire property or to enter into any contract, in connection with any housing project to be financed, in whole or in part, with a loan made under this title, and willfully fails to disclose any interest, legal or equitable, which he has in such property or such contract, or any special benefit which he expects to receive as a result of such contract, shall be fined not more than \$5,000, or imprisoned for not more than 1 year, or both.

"(b) No individual, association, partnership, or corporation (except the Corporation established under this title) shall hereafter use the words 'national mortgage corporation,' or any combination of words which might reasonably lead to confuse with the National Mortgage Corporation as the name or a part thereof under which he or it shall do business. Any such use shall constitute a misdemeanor and shall be punishable by a fine not exceeding \$1,000.

"(c) Whoever, for the purpose of obtaining any loan under this title, or any extension or renewal thereof or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation under this title, makes any statement, knowing it to be false, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than 1 year, or both.

"(d) Whoever (1) falsely makes, forges, or counterfeits any obligation, in imitation of or purporting to be an obligation issued by the Corporation, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited obligation purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any obligation issued or purporting to have been issued by the Corporation, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true, any falsely altered or spurious obligation issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than 5 years, or both.

"(e) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged, or otherwise entrusted to it, or (2) with intent to defraud the Corporation or any other body, politic or corporate; or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes a false entry in any book, report, or statement of or to the Corporation, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other such obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than 5 years, or both.

"(f) All general criminal and penal statutes of the United States relating to public moneys, property, or employees of the United States shall apply to public moneys, property, and employees of the Corporation. No officer or employee of the Corporation

shall participate in any matter affecting his personal interests or the interests of any corporation, partnership, or association in which he is directly or indirectly interested."

Mr. MURRAY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from New York yield for that purpose?

Mr. LEHMAN. I shall be glad to yield for that purpose, with the understanding that I do not lose my right to the floor.

The PRESIDING OFFICER. That will be the understanding.

The absence of a quorum having been suggested, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MURRAY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEHMAN. Mr. President, the pending housing bill, as reported by the Banking and Currency Committee, is a sound and supportable measure, representing a program which will truly help to meet the housing needs of the United States, although it does not pretend to be and is not a measure which meets all needs.

I, myself, feel that the bill lacks some essential provisions, such as those needed to stimulate middle income housing, and I would favor an even greater authorization for public housing than is contained in the pending bill.

But the bill presents a program which does move forward, which does measure up, in some degree, to the need, and which does commit the Government to activities which will help not only the housing industry, but also the people who need housing.

Therefore, I am glad to support the measure, whose approval will constitute a very bright mark indeed upon the record of this Congress. I hope and trust that the recommendations of the Committee on Banking and Currency, as contained in the bill, will be affirmed by the Senate, and will not be exposed to stultifying or crippling amendments.

As a member of the Subcommittee on Housing, I listened to long and comprehensive testimony by experts and advocates representing every point of view in regard to the housing program.

There were those who favored a much more radical program. There were those who favored a program confined only to such activities as would help the bankers, the mortgagors, and the builders. The bill steers a middle way. It is a mild and, I may say, a moderate program. It is almost the least that we can support.

For myself and Senators HUMPHREY, DOUGLAS, MORSE, NEUBERGER, MAGNUSON, HENNING, KEFAUVER, MURRAY, and MCNAMARA, I introduced a comprehensive omnibus housing bill, S. 3158. My bill went much further than the pending measure. My bill was strongly supported by organized labor and by the National House Conference, for instance. I fought hard to get the provisions of that bill incorporated into the committee measure. Some of these provisions were so incorporated. Some were accepted in



part. Some were rejected or put aside for the time being.

The administration also submitted a bill to us. It was a weak bill, a fix-it-yourself bill.

As I shall develop in a moment, it was a bill which paid lipservice to the proved need for public housing, for instance, but would accomplish little, if anything, to meet that need.

It was not a bill, as Administrator Cole frankly testified, adjusted or geared to any estimate of actual need. It was geared to what Administrator Cole said he believed Congress would approve. Instead of recommending what was necessary and letting us in Congress determine what we would do with those recommendations, the administration apparently decided in advance what we would decide after deliberation, and thus gave us a predigested program, based on a crystal ball prediction of what Congress would accept.

This, in my judgment, was a most cynical basis for a recommendation. I hope the Senate will now proceed to demonstrate, as the Committee on Banking and Currency already has, how cynical that recommendation was by approving a program attuned to the need instead of to a political estimate of congressional acceptability.

The committee's bill authorizes 135,000 public-housing units a year for the next 3 years, with the proviso that the President may decrease this amount to 50,000 units or raise it to 200,000 units per year if conditions of the national economy so require.

This is a minimum public-housing program. It is a program which is to be compared with the administration's recommendation of a flat 35,000 units a year for 2 years.

Housing and Home Finance Administrator Cole and Public Housing Commissioner Slusser placed themselves on record before the Housing Subcommittee in terms which clearly demonstrated the lack of justification or logic in the administration's recommended figure of 35,000 units a year.

No attempt was made by the administration's spokesmen to rationalize the 35,000-unit figure. They admitted that this figure had no relationship to the actual needs for public housing for low-income families. The 35,000 figure was arrived at in two very simple ways, first, what the administration thought it would get through the Congress, and second, what was called the demand of our cities.

It was clear from the testimony that the so-called demand from our cities was far above the figure of 35,000 units a year for 2 years. It was clearly shown that 3 or 4 of our major cities alone could utilize this amount of public housing in a very short period of time, if the program were placed on a realistic working basis between the Federal Government and our cities.

But even more arresting was the testimony by the administration's witnesses that some 262,000 families were due to be displaced from urban renewal projects now under way in 53 cities throughout the Nation. It was stated that at

least half of those families scheduled to be displaced by urban renewal projects now under way are low-income families who will certainly need low-cost public housing if they are to obtain adequate shelter. This is a total of some 123,000 families. Here, on the record itself, is the undisputed fact that the administration's proposed public housing program would not even begin to meet the needs of even these families I have just mentioned. Moreover, we know that the urban renewal program has not even begun to operate on a scale commensurate with the requirements of scores, and even hundreds, of cities.

In spite of the discouragement, in spite of the very inadequate number of units that were authorized by the Congress in previous years, which discouraged cities from making applications, there were, nevertheless, filed with the Housing Administration requests for more than 550,000 units over a period of years.

Mr. Cole stated frankly before our subcommittee that the 35,000 public housing units was the amount which he believed would be approved by Congress. I say again that it is incumbent upon the administration to give committees of Congress the facts based on the actual need, and not practice crystal-ball gazing in making recommendations based on a so-called realistic estimate of what Congress might or might not approve. That is not the business of the executive branch of the Government, or any of the agencies of the executive branch of the Government.

Despite the nature of the administration's approach, the Banking and Currency Committee has recognized the minimum need for an adequate public housing program and has submitted such a program in this bill.

There are many other constructive features in the pending bill. The committee, under the leadership of the Senator from Alabama [Mr. SPARKMAN], worked out a pilot plan to help the elderly citizens of our Nation by authorizing 15,000 units of public housing especially designed for elderly persons. There are also provisions for special Government stimulation for the sale and rental of privately constructed housing especially designed to meet the needs of elderly people.

This is the very first time that the Congress has made a real effort to develop a Federal program to provide housing for the elderly. There is no doubt in my mind that the problems of housing the aged citizens of our Nation are just beginning to be understood. The pending bill provides an initial program from which we can learn. I anticipate a much more expanded program of this kind in the near future.

The committee has included, in the pending bill, several important modifications in the urban renewal and slum clearance program. I, myself, have been very disappointed in the lack of progress under the present urban renewal programs.

I am convinced that the provisions included in this bill will go a long way toward establishing the urban renewal

programs on a firm basis, in order that more and more of our cities and metropolitan areas will be able to receive assistance for long-range attacks on their blighted and deteriorating housing areas.

Essential to a successful urban renewal or slum clearance program is, of course, an adequate public housing program. There is no doubt in my mind that these two programs go hand in hand, and that it would be utter folly to follow the administration's approach of ignoring public housing needs, while at the same time proclaiming that the urban renewal program can cure our housing problems.

Mr. President, I want to emphasize the fact that there is absolutely no sense in urging slum clearance or urban renewal programs unless we find homes for families who are evicted by slum clearance; and it is essential that the rental of such houses must be within the means of those who have been displaced or evicted.

The one area of an overall housing program which I believe is not adequately covered in the pending bill is the problem of supplying our middle-income families with adequate housing at a price designed to meet their family budget. This is the great neglected group in our federally assisted housing programs.

In respect to this situation, as with the others, the administration witnesses testified that they were unable to supply our committee with any adequate statements or estimate of the housing needs of middle-income families.

I, myself, know that there are millions of so-called middle-income families in the United States which simply cannot afford to meet the burdens imposed upon the family budget as a result of the present high market prices on new homes. These families are not eligible for public housing, but neither can they afford the rents and the payments being asked today for available housing.

There was expert testimony in the record of the hearings that we are actually building in the United States about one-half of the housing units actually needed by our population. There are more than 7 million homes in urban areas that are unfit for human habitation, and yet are being occupied. These homes should be demolished. These houses are being occupied today by low- and middle-income families.

In my bill, S. 3158, there is proposed a middle-income housing program which would operate through a national mortgage corporation, which would stimulate, through credit and other devices, the private construction of middle-income housing. This provision for a middle-income housing program was submitted as an amendment to the pending bill during its consideration by the committee.

This amendment, as the Senator from Alabama has already stated, failed to be approved as the result of a tie 6 to 6 vote. This vital program is thus not included in the pending bill, but the very strong support this proposal had in committee, as it has in the country at large, encourages me to believe that such a program will be approved in the near future. I shall press for it. I am convinced that the direct stimulation of the construction



of middle-income housing by means of a national mortgage corporation, as set forth in S. 3158, is the answer to the growing crisis in middle-income housing.

Mr. President, I was very much encouraged to hear the statement of the junior Senator from Alabama [Mr. SPARKMAN] that he will direct the staff of the committee to make a study during the remainder of this year on the question of middle-income housing, so that it may be offered before the committee and the Senate at the next session. Whether I shall be in the Senate next year or not, it is my very deep hope that legislation for middle-income housing will be enacted, because I know of nothing in the whole problem of housing that is more important than to provide adequate housing for our middle-income groups.

Mr. President, one of the clearest examples of the need for this type of Government program—a program which should provide the vehicle for bringing the resources of great trust funds, private pension, and retirement funds into the housing finance field—is the situation today in my own State of New York.

In New York State, Mr. President, it has been estimated that the middle one-third of the families earn between \$3,750 and \$5,900 a year. This, I must point out, is considerably above the national average. On the basis of spending one-fifth of their income for rent or housing payments, these families could afford to pay from \$63 to \$98 a month. Yet, in my State, very little housing is being built at this rental or sales level, outside of some special no-cash-subsidy housing in New York City.

The Report on Middle Income Housing in New York State, which recently was submitted to Governor Averell Harriman by the New-York Housing Commissioner Joseph P. McMurray, the former staff director of our own Banking and Currency Committee, sets forth one aspect of the magnitude of the problem. I quote from that report:

The magnitude of the existing need for middle-income housing is shown by the amount of money needed to provide decent housing for this group. Considering only the 140,000 units which are dilapidated or lack proper plumbing, and which are occupied by middle-income families, an expenditure of about \$1.8 billion would be required. Yet it is obvious that the actual need for housing families in the middle-income group is far greater than merely the replacement of the 140,000 physically substandard units.

Mr. President, this is only the problem in New York State. Unfortunately, we do not know, and Mr. Cole has frankly stated that he does not know, the situation throughout the Nation. But I believe I am safe in stating that the magnitude of the problem—if we knew all the facts—would be as great, or greater, in other States.

I believe, as I have said, that next year the Congress must adopt a middle-income housing program. It is unfortunate that this could not be done this year. The blame—and I believe the record will bear me out—lies basically with the unwillingness of the present administration to face the realities of the present hous-

ing situation, and its failure to supply the Congress with the basic facts and data in this situation.

In conclusion, let me point out that there is one additional area of the housing problem which deserves the most urgent attention of Congress and the President. I refer to the basic supply of adequate housing for minority groups in our population. There is no question that the problem of adequate housing for minority groups is intimately tied in with the adequacy of our overall housing supply. However, the minority groups suffer to a much greater extent.

Some of the provisions in the pending bill will help provide some housing for the minorities.

The committee report points out that one of the major problems confronting members of minority groups who seek to obtain adequate housing is their inability to secure mortgage financing at reasonable rates. For this reason, the committee report strongly urges President Eisenhower to use the authority which he has, and which has already had for some time, to use for this purpose the special assistance funds of FNMA. I was greatly disappointed to find that the President has not used his authority to make these special assistance funds of FNMA available for the purchase of mortgages on behalf of minority-group members. This is a most unfortunate omission on the part of the President.

I hope the President will now follow the committee's recommendations, and will move swiftly to make this assistance available for minority-group housing.

These special assistance funds are not the entire answer to adequate housing for minority groups. In this instance, as in other instances, we were unable to obtain from Housing Administrator Cole, during the hearings, any legislative recommendations for remedying the situation, although Mr. Cole readily admitted that the problem of minority housing is one of the most pressing problems in the entire housing field.

As I have already said, Senate bill 3855 is a good housing bill. It is a bill which we can be proud to enact into law. I hope it will be passed, as reported by the committee, without crippling amendments.

Mr. President, at this time I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MONROE in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PAYNE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 80) providing for the return to the Senate of House bill 4656, relating to the Lumbee Indians of North Carolina.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 7678) to permit articles imported from foreign countries for the purpose of exhibition at the 11th Annual Instrument Automation (International) Conference and Exhibit, New York, N. Y., to be admitted without payment of tariff, and for other purposes.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9429) to provide medical care for dependents of members of the uniformed services, and for other purposes.

#### SLAUGHTER ON OUR HIGHWAYS

Mr. DOUGLAS. Mr. President, the slaughter on our highways continues. Last year more than 38,000 Americans were killed in automobile accidents. More than 100,000 persons were totally disabled, and about 2 million people were injured to a lesser degree. On Christmas weekend alone, over 600 persons were killed. The Memorial Day weekend looms immediately ahead. Estimates of the number who will be killed this year run up to 42,000.

The automobile has outstripped war as a killer of Americans. Since 1900 the automobile has killed about 100,000 more persons than have been killed in all the wars in our history. During a representative period during the Korean war, the armed services discovered that military personnel were sustaining more injuries from motor vehicle accidents than from the war itself.

Much of this slaughter and maiming is unnecessary and can be reduced. It is a problem that can be attacked on two fronts. First, we must endeavor to reduce the number of auto accidents. Much has been done in this direction, and the accident rate per hundred million miles of vehicular travel has steadily declined. But more can be done, and we must do it.

Second, greater safety measures can be incorporated into auto design and in safety equipment. The medical profession is much interested in the second approach, for they have to treat the casualties, many of which could be prevented by constructing safer cars. For example, one-quarter to one-third of all auto fatalities occur because the occupant is thrown out of the car through a sprung door. Many of such deaths would be prevented if door locks were installed to prevent this type of injury. Injuries and deaths caused by knobs and other projections on dashboards, by improperly designed steering wheels and steering columns, and by seats which tear loose can also be reduced by improving the design of automobiles and equipment to make them safer.

Accordingly, Mr. President, I am submitting a resolution authorizing and directing the Senate Labor and Public Welfare Committee, or a subcommittee thereof to make a full investigation of both methods of attack upon the vital problem of reducing automobile deaths



suit and in the brief we must depend for our support on actual decisions and rules of law. It is to these that we now turn.

Our title suggests a consideration as to whether liability should be grounded in tort or in warranty. The problem of privity is so limiting in warranty<sup>23</sup> and the problems of proof so technical<sup>24</sup> that, in spite of warranty's limited usefulness in certain situations,<sup>25</sup> we must look principally to the law of torts. In the words of Mr. Justice Cardozo:

"We have put the source of liability where it ought to be. We have put its source in law."<sup>26</sup>

The general rule of a manufacturer's liability has been thus set forth by the Restatement of Torts:

"A manufacturer who fails to exercise reasonable care in the manufacture of a chattel which, unless carefully made, he should recognize as involving an unreasonable risk of causing substantial bodily harm to those who lawfully use it for a purpose for which it is manufactured and to those whom the supplier should expect to be in the vicinity of its probable use, is subject to liability for bodily harm caused to them by its lawful use in a manner and for a purpose for which it is manufactured."<sup>27</sup>

It is clear that the manufacturer's negligence may lie in unsafe design as well as unsafe construction.<sup>28</sup> Moreover, the failure to provide a safety device on a machine or the failure to make it more safely may constitute negligence. Thus, in *O'Connell v. Westinghouse X-Ray Corp.* (41 N. E. 2d 177 (1942)), the court held that the question of whether the defendant was negligent in failing to provide a method on the machine whereby amperage could be gradually reduced presented questions of fact for the jury. Even though deciding in favor of the defendant in an action brought against a farm implement manufacturer for injuries suffered when a tractor seat broke, the Sixth Circuit Court of Appeals set forth the manufacturer's duty as follows:

"Its duty was to use reasonable care in employing designs, selecting materials, and making assemblies \* \* \* which could fairly meet any emergency of use, which could reasonably be anticipated."<sup>29</sup>

Certainly, it cannot be doubted that the threat of sudden deceleration, either to prevent an accident or because of an accident, is "an emergency of use which could reasonably be anticipated." Nor can it be doubted that automobile manufacturers have not failed "to use reasonable care in employing designs" and "selecting materials" which could fairly meet any such emergency.

The fact that other manufacturers may market products comparable in design has been held not controlling on the question of negligence based on unsafe construction and design.<sup>30</sup>

If the manufacturer concedes that he was aware of safer designs he places himself in a difficult position. If, on the other hand, the manufacturer contends that he was free from negligence because he was not aware of a safer method of design he would appear to be placing himself in an unenviable position. One is reminded of the story told by Lincoln of the young man who murdered his mother and father and then asked clemency from the court on the ground that he was an orphan. The manufacturer cannot rely on a plea of ignorance as a basis for nonliability. Rather, the plea of ignorance is an admission of liability. In the words of the restatement, the manufacturer must make "such inspections and tests during the course of manufacture and after the article is completed as the manufacturer should recognize as reasonably necessary to secure the production of a safe article."<sup>31</sup> Certainly the manufacturer is in a better position than the consumer to make such tests and to use such talent as would be required to market the safest practicable automobile.<sup>32</sup> Moreover, the impracticability of placing the duty of designing safe automobiles on anyone other than the industry is pointed up by the obvious fact that only the manufacturers can change the design of automobiles.

We have sought to suggest a line of approach for holding automobile manufacturers responsible for injuries caused by negligence in the design of passenger cars. We recognize that we have raised more questions than we have answered, but that has been the purpose of the paper. We are aware that some problem of proof may exist in seeking to show the extent to which the injury is a result of the collision and the extent to which it results from negligent design. This, however, would appear to be a problem for the jury in apportionment of damages, not unlike the situations where the jury must decide the extent of injury resulting from each of two accidents occurring moments apart. It is submitted that the negligence of the automobile manufacturers has been so patent, their attitude toward the destructive potential of their product so cavalier,<sup>33</sup> that if the plaintiff presents enough facts to get to the jury a favorable verdict is to be anticipated.

The PRESIDING OFFICER. The resolution will be received and appropriately referred.

The resolution (S. Res. 270), submitted by Mr. DOUGLAS, was received and referred to the Committee on Labor and Public Welfare, as follows:

*Resolved*, That the Senate Committee on Labor and Public Welfare, or any duly authorized subcommittee thereof, is authorized and directed to make a full and com-

plete investigation and study of (1) the extent of the danger to life and health occasioned by the incidence of automobile accidents in the United States, (2) the degree to which automotive engineering and design is, or can be, a factor in increasing or decreasing the incidence of injury and loss of life resulting from such automobile accidents, (3) whether, in order to prevent competitive disadvantages among automobile manufacturers in the adoption of measures and devices designed to promote the safety of occupants of automobiles which are involved in accidents, it is necessary or desirable for the Congress to enact legislation establishing uniform minimum safety standards to be observed by manufacturers in the production of automobiles, (4) whether it is desirable and possible to formulate and secure the adoption of uniform State standards for driving licenses and the revocation thereof, and of reciprocal arrangements for the enforcement of State laws designed for accident prevention, and (5) such other matters relating to automobile accidents and accident prevention as the committee may deem appropriate. The committee shall report its findings, together with such recommendations as it may deem advisable, to the Senate at the earliest practicable date.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 135) for payment to Crow Indian Tribe for consent to transfer of right-of-way for Yellowtail Dam unit, Missouri River Basin project, Montana-Wyoming.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 4656) relating to the Lumbee Indians of North Carolina.

#### ENROLLED BILL AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker pro tempore had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

H. R. 5862. An act to confer jurisdiction upon United States district courts to adjudicate certain claims of Federal employees for the recovery of fees, salaries, or compensation; and

H. J. Res. 261. Joint resolution authorizing the Secretary of the Army to donate surplus supplies and equipment for memorial purposes to The Citadel, Charleston, S. C.

#### HOUSING AMENDMENTS OF 1956

The Senate resumed the consideration of the bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes.

Mr. PAYNE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PAYNE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

<sup>23</sup> *Chanin v. Chevrolet Motor Co.*, 89 F. 2d 889 (CCA 7, 1937); *Grant v. Australian Knitting Mills* (1936) A. C. 85 (P. C.).

<sup>24</sup> *Murphy v. Plymouth Motor Corp.*, 100 F. 2d 30 (Wash., 1940); *Ford Motor Co. v. Wolber*, 32 F. 2d 18 (CCA 7, 1929).

<sup>25</sup> *Baxter v. Ford Motor Co.*, 168 Wash. 456, 12 P. 2d 409; *G. M. C. Truck Co. v. Kelley*, 231 P. 882 (1924); see also Gussin, *Manufacturers' Liability—Warranty—Contributory Negligence*, in *Bell, Trial and Tort Trends Through 1954*, p. 227.

<sup>26</sup> *MacPherson v. Buick Motor Co.*, 217 N. Y. 382, 390 (1916).

<sup>27</sup> *Restatement of the Law of Torts*, sec. 395, p. 1073.

<sup>28</sup> *United States Radiator Corp. v. Henderson*, 68 F. 2d 87 (CCA 10, 1933); Cf. *Ford Motor Co. v. Wolber*, 32 F. 2d 18 (CCA 7, 1929).

<sup>29</sup> *Davlin v. Henry Ford & Son*, 20 F. 2d 317 (CCA 6, 1927).

<sup>30</sup> *United States Radiator Corp. v. Henderson*, 68 F. 2d 87 (CCA 10, 1933).

<sup>31</sup> *Restatement of the Law of Torts*, p. 1075.

<sup>32</sup> Cf. *Caudry Motors v. Brannon*, 268 S. W. 2d 627.

<sup>33</sup> An anguished father, who wrote General Motors after his young son had lost his front teeth on striking the dashboard in a sudden deceleration, pleading that something should be done to prevent this kind of accident, was solemnly advised by a General Motors' safety official that he had solved the problem in his own family by teaching his children to extend their arms as a brace on command. To expect to achieve safety by relying on youthful arms suddenly to restrain the forward motion of a body accelerating at speeds in excess of 30 miles per hour indicates, to say the least, an unusual approach to safety, which to this author seems in approach to be not unlike designing an automobile without brakes but with openings in the floorboard so that the occupants, on command of the driver, will drag their feet on the ground in order to restrain the forward motion of the car in the event of a sudden need to stop the vehicle.



The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PAYNE. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The secretary will state the amendment.

The LEGISLATIVE CLERK. On page 49, it is proposed to insert the following after line 25:

(c) Section 401 (c) of such act, as amended, is hereby amended to read as follows:

"(c) A loan to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding 50 years, as may be determined by him; and with respect to loan contracts entered into after the date of enactment of the housing amendments of 1956 shall bear interest at a rate equal to the total of one-quarter of 1 percent per annum added to the rate of interest then chargeable by the Secretary of the Treasury as provided in subsection (e) of this section."

(d) Section 401 (e) of such act, as amended, is hereby amended by striking the second sentence and substituting the following: "Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the housing amendments of 1956 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the annual rate for each calendar quarter as determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of February or May or August or November, as the case may be, next preceding each such calendar quarter, on all outstanding marketable obligations of the United States having a maturity date of 15 or more years from the first day of such month of February or May or August or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 percent."

Mr. PAYNE. Mr. President, I modify my amendment on page 1, line 8, and page 2, line 1, by striking out the words "contracts entered into after the date of enactment of the Housing Amendments of," and inserting in lieu thereof the words "applications filed on or after May 1."

The PRESIDING OFFICER (Mr. LAIRD in the chair). The Senator so modifies his amendment.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. PAYNE. I yield.

Mr. FULBRIGHT. Is it the intention of the Senator from Maine, with the amendment, to provide that all applications which are existent are not to be affected?

Mr. PAYNE. That is correct. All applications which were filed prior to May 1 with the Housing Commission under the college housing program, and which are in the process of screening at the present time, would be processed under the existing law.

I shall try to be reasonably brief with my remarks, because I believe the issue is fairly clear.

The college housing loan program has been in operation for 5 years. The merit of this program is unquestionable. Without a program of this type, quonset

huts and similar facilities might well be the rule rather than the exception for campus living. The college housing loan program has given tremendous impetus to the construction of proper dormitory housing for the young men and women in our colleges and universities.

Last year in the Housing Act amendments of 1955, the interest rate on Government loans in the college housing loan program was lowered from  $3\frac{1}{4}$  to  $2\frac{3}{4}$  percent. Since that time participation of private funds in the loan program has been negligible. Experience has demonstrated that private financing is not available for bonds bearing  $2\frac{3}{4}$  percent interest regardless of their maturity. Only one issue has been privately financed under this formula.

It is believed that it is appropriate that the Congress at this time determine precisely what role the Federal Government is to play in the college housing loan program. Is the Federal Government to act as the sole supporter of college housing construction, or is the role of the Federal Government to encourage private financing to the greatest extent possible and to fill the gap where private financing is not available or is beyond the financial means of the college or university? In my opinion, the original intent of the college housing loan program was to provide assistance in college housing construction, but not to assume full responsibility for this construction. If it were clearly demonstrated that private capital would not be available at rates the colleges and universities could afford then I would certainly feel that it would be necessary to maintain a direct loan program through the Federal Government.

It is important at this time to point out that private capital would be available for colleges and universities at rates they can afford if the college housing loan program did not provide interest rates so low that private capital has been virtually eliminated from the program. By increasing the interest rate on the loans which the college housing loan program makes available to colleges and universities, it will be possible both to stimulate the flow of private capital into the program and to insure that the construction of college housing continues at a rate commensurate with the demands of our growing college population.

A failure to stimulate the flow of private capital into the college housing loan program will mean a Federal program of a size not contemplated by the Congress when it initiated this program. It has been estimated that by 1965 increased enrollments will require additional housing construction for students, their dependents, and additional faculty amounting to \$4 billion. If private capital is no longer available for financing this construction the Federal Government will have to assume the responsibility for this program in its entirety.

Mr. FULBRIGHT. Mr. President, will the Senator from Maine yield?

Mr. PAYNE. I yield.

Mr. FULBRIGHT. I am unable to understand why, if there is a need for

\$4 billion, and if the bill is passed providing for \$750 million by the Federal program, the balance is not there for private capital to take up.

Mr. PAYNE. The need for the construction, as the Senator from Arkansas well knows, is urgent among many of the colleges and universities. These colleges and universities are often unable to go into the private market at the present time on their own because of the 50-year period in which the loans have to be amortized. Private funds normally are not available for a 50-year term. That is why this program is so valuable; that is why it makes it possible for these educational institutions to be able to get a loan, because the Federal Government takes up the remainder of the 20-year or 30-year maturities the private institutions are unable to float at reasonable rates, and makes up the difference by taking the balance of the long-term maturities.

Mr. FULBRIGHT. If the program is limited, and is intended to be useful for those who cannot get housing in the open market, I cannot understand why it interferes with those who are limited to \$750 million. Why will this interfere with private capital taking up the balance between \$750 million and \$4 billion?

Mr. PAYNE. Because, under the situation with which we are faced, I am sure the Senator knows very well indeed that if the part of the program on the Federal level is not put on a realistic basis, we are simply going to face the problem in the coming years, when there will be an increased demand upon the Congress of the United States, to expand the entire program in order to facilitate the payments of the educational institutions, and to do it at the Federal level. If that is what Congress wants, then, certainly, that is what we should do, but it has never been the intent of Congress that the Federal Government should completely underwrite this program.

Mr. FULBRIGHT. I will say to the Senator that it certainly is not intended for the Federal Government to do it all, although I see no objection to doing a big part of it, if it does not cost the Government additional money.

Mr. PAYNE. When we freeze the rate at  $2\frac{3}{4}$  percent, and the going market rate for Government money at the present time is higher than that, then, in effect, we are subsidizing in another way.

Mr. FULBRIGHT. I shall have more to say about that in my own speech. At present I think the Senator is in error. We are not subsidizing the program. The cost of money to the Government is included in the program. But I shall discuss that in my own time. I still am unable to understand why the program of \$750 million would interfere with the balance. If we should wash the program out completely, what would be the effect?

Mr. PAYNE. Would not the Senator say that if the Government establishes its rate substantially lower than that at



which private enterprise is willing to offer money, the pressures are going to be continually laid upon the Congress, and the statement will be made, "You have done it for this, that, or some other university, and we are as much entitled to it as are others."

Mr. FULBRIGHT. I think that observation can be made regarding every program in which the Government participates. In all fields of public works people say, "If you built a dam over there, why not build one here?" I can think of no Government program about which that observation could not be made.

Mr. PAYNE. Under the veterans' housing program and the other housing programs are we going to penalize the veterans of the country and give to educational institutions a far better break in the interest rate—

Mr. FULBRIGHT. That is private money under Government insurance.

Mr. PAYNE. But it is insured by the Government; otherwise it would not be privately available in some instances.

Mr. FULBRIGHT. I do not think the programs are comparable. They were set up on a completely different basis. I think the need and the justification are also on a different basis. The point I wanted to make was with reference to the reason which leads one to say that this must necessarily be a completely federally financed program if we leave the interest rate where it is. That appears to me to be a nonsequitur. There is to be a revolving fund. As the money is paid back it will be reloaned. I do not know whether \$750 million is enough. That is for Congress to determine. The only reason why we ask for that amount at this time is that the present funds will be exhausted by the end of 1957. As to the need, no one denies it.

Mr. PAYNE. No one would deny it. No thinking person in the entire Nation would for one moment say that there is not a very immediate need, in the interest of education at universities and colleges, to see that adequate and proper dormitory and housing facilities are constructed.

Mr. FULBRIGHT. The bill is an effort to accomplish that. If the Senator feels that some institutions which have good credit and can get money in the private market should not be permitted to participate in the program, I would be interested in a program that could apply rationally to these loans on a basis of need. But I do not think we should penalize them all by raising interest rates.

Mr. PAYNE. Mr. President, so long as we have reached this point in the discussion—and I shall try not to take much longer—I hope my distinguished friend from Illinois [Mr. DOUGLAS], who is on his feet, will permit me to get this particular question taken care of.

Mr. President, I wish to introduce a table, and I ask unanimous consent that it may be printed at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Bond issues processed by HHFA but sold to other investors*

Institution <sup>1</sup>	Date of bond sale	Amount <sup>2</sup>	Term (years)	Interest rate
January-June 1954:				
Western State College (Colorado)-----	February 1954-----	Thous. \$181	20	3.60
Wisconsin State College-----	March 1954-----	1,650	20	3.00
Montana State University-----	do-----	169	20	3.20
Western Illinois State College-----	do-----	550	35	3.39
Southern State College (Arkansas)-----	April 1954-----	515	31	3.50
Bowling Green State University (Ohio)-----	do-----	2,350	39	3.37
Central Washington College of Education-----	do-----	310	20	3.15
Ball State Teachers College (Indiana)-----	May 1954-----	2,856	35	3.48
Arkansas State College-----	do-----	460	30	3.19
Arkansas Polytechnic College-----	June 1954-----	849	32	3.40
University of Arkansas-----	do-----	450	31	3.125
University of Texas-----	do-----	3,402	40	2.99
Montana State College-----	do-----	4,600	36	2.75-3.75
July-December 1954:				
Eastern Kentucky State College-----	July 1954-----	450	25	3.05
New Mexico College of Agricultural and Mechanical Arts-----	do-----	1,050	30	3.57
Pueblo Junior College (Colorado)-----	do-----	200	20	4.00
University of Michigan-----	August 1954-----	2,200	30	2.25-3.25
University of Kentucky-----	September 1954-----	447	30	2.94
University of Idaho-----	do-----	395	20	3.11
Utah State Agricultural College-----	December 1954-----	600	35	3.45
Texas College of Arts and Industries-----	do-----	750	40	3.50
January-June 1955:				
Western Washington College of Education-----	March 1955-----	461	25	3.25
University of Maryland-----	do-----	1,282	20	3.14
West Virginia University-----	do-----	600	30	2.84
University of New Mexico-----	April 1955-----	1,000	30	3.15
Arizona State College-----	May 1955-----	1,000	35	3.25
University of Arizona-----	do-----	1,000	35	3.25
July-December 1955:				
Southwestern Louisiana Institute-----	July 1955-----	1,875	30	3.50
University of Texas-----	do-----	2,512	39	3.29
University of Idaho-----	October 1955-----	2,000	20	2.97
January-June 1956:				
University of Nebraska-----	February 1956-----	3,750	30	3.39
Winona State Teachers College (Minnesota)-----	do-----	635	30	3.00
St. Cloud State Teachers College (Minnesota)-----	do-----	840	30	3.00
Mankato State Teachers College (Minnesota)-----	do-----	840	30	3.00

<sup>1</sup> Public institutions of higher learning.

<sup>2</sup> Amount of bonds sold, may include projects not processed by HHFA.

<sup>3</sup> HHFA purchased remaining maturities.

<sup>4</sup> Purchased by State trust funds.

Mr. PAYNE. Mr. President, the table which I have introduced for the RECORD is placed there purposely to show conclusively the fall-off in private participation under the college housing program since the adoption of the unrealistic interest rate of 2¾ percent.

During the calendar year 1954, when the HHFA rate on these loans was on a comparable basis of 3½ percent, 21 bond issues processed by HHFA, totaling \$24.4 million, were sold to private investment under the procedures of the program. In the next 7 months, also on the same comparable basis of 3½, another 8 issues totaling \$9.7 million, were sold to private investment.

Since the establishment of the unrealistic interest rate of 2¾ percent, an 8-month period, a total of 5 issues were sold, 4 of them to State funds, which means that only 1 issue, that of the University of Nebraska, amounting to \$3.75 million, was sold to private investment. Several applications from Oregon State colleges have also been withdrawn, but these are general obligation bonds and when sold are expected to carry a rate of less than 2¾ percent. Oregon is one of the few States which pledge the credit of the State to finance dormitory construction; most State colleges and universities can issue only revenue bonds. The picture is clear that the program of private participation developed by HHFA had made great progress in substantially broadening the market for college housing bonds prior to the establishment of the 2¾ percent rate. The 2¾ percent rate has stifled private participation which means that the much-needed college-housing program will have to be

financed almost exclusively by the Federal Treasury.

Now, I shall be very glad to yield to my very good friend from Illinois.

Mr. DOUGLAS. I wish to ask the Senator from Maine if I am correct in my understanding that the bill now before the Senate provides that the interest rate shall be the average rate on all Government securities, short term as well as long term, plus one-fourth of 1 percent for risk and administration, whereas the Senator from Maine is proposing that it should be the yield on obligations running more than 15 years, plus one-fourth of 1 percent; and that in practice, under the existing rates, this would mean the difference between 2¾ percent under the Fulbright formula and approximately 3⅓ percent under the Payne formula.

Mr. PAYNE. The Senator from Illinois has stated the situation correctly.

Mr. DOUGLAS. May I ask my good friend from Maine whether the result of his amendment would not be to make it very difficult for the colleges which are weak financially, whose students are not very affluent and cannot pay very much rent, to take advantage of Federal loans? Is it not true that the colleges of the Ivy League and colleges whose students are well to do can, if they wish, go into the open market and borrow money to finance the building of dormitories, and that the funds so borrowed will be repaid out of rents? Therefore, in effect, would not the amendment offered by the Senator from Maine make it extremely difficult for the financially weak colleges and the colleges which have poor students—when I say "poor," I do not mean poor



in academic ability, but poor in purse—to participate in such a program?

Mr. PAYNE. I can truthfully say I do not believe that would be the case at all. I realize, of course, that one can stand up and make a very impassioned plea based on the fact that 90 cents or a dollar a month, which might be the increased amount which would have to be levied against the individuals or students of whom the Senator from Illinois speaks, who would pay the rent, would be a penalty. But I would not say that 90 cents to a dollar a month would seriously prevent any of those young men or women from being able to continue their studies.

Mr. DOUGLAS. The Senator from Maine was very assiduous in his attendance at the hearings and was most faithful in the performance of his duty. I am certain he remembers the testimony of the vice president of Dartmouth, which is a center of rugged individualism, who testified that the higher interest rate would cost his students from \$25 to \$30 a year more for room rent. Even at Dartmouth, which, in the main, has wealthy students, 25 percent of the student body are in attendance on scholarships, so such an increase would be a hardship.

Is not that testimony from the rock-bound hills of New Hampshire in favor of a lower interest rate an argument for the Fulbright amendment rather than an argument for the amendment of the Senator from Maine?

Mr. BUSH. Mr. President, will the Senator from Maine yield?

Mr. PAYNE. I yield.

Mr. BUSH. Is not the philosophy of the Senator's amendment simply to make an adjustment which would provide that the United States in lending the money would not lend it at a rate which would constitute a grant-in-aid to anyone who was able to borrow money below the cost to the United States Government? Is not the purpose of the Senator's amendment to give the Treasury an opportunity to fix the interest rate on a basis at which the Government can come out even? It is not a question of subsidizing education or discriminating among institutions; it is purely a question of protecting the Treasury, is it not?

Mr. PAYNE. The Senator has expressed the purpose very clearly. That is definitely the point.

May I ask my good friend from Illinois, who was speaking of the rugged situation, just what his expression was?

Mr. DOUGLAS. I said the testimony from the rugged, rockbound Republican hills of New Hampshire against the proposal of the Senator from Maine was an eloquent tribute to the proposal coming from the Ozarks in the State of the Senator from Arkansas.

Mr. PAYNE. The Senator from Illinois, having come originally from one of those rugged, rock bound States of the East; namely, my home State of Maine, knows that we usually look at these things fairly realistically.

While it is true that I recall a statement made by the vice president of Dartmouth, nevertheless, the facts which

have been given to me—and I do not claim that they are completely correct; I would not stand here and say to the Senator from Illinois that they are, because I have not had a chance to analyze them countrywide—indicated that the average increased cost which might possibly be incurred—and these figures have been given to me as being probably the top—would be 90 cents to a dollar a month because of the change that might take place in the rate.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. PAYNE. I yield.

Mr. FULBRIGHT. If the Senator is basing his statement on the ground that what is proposed is a subsidy and a grant-in-aid from the Federal Government, I would be very much interested in hearing how he arrives at that conclusion. The cost of money to the Federal Government, as I understand, under the formula in existing law, is to be the average interest rate on Government securities plus one-fourth of 1 percent.

How did the Senator from Maine arrive at the conclusion, in his colloquy with the Senator from Connecticut, that this is a subsidy? Wherein is it a subsidy out of the taxpayers' pocket?

Mr. PAYNE. In the first place, I had no colloquy with the Senator from Connecticut, other than to say that I thought the Senator from Connecticut had stated the facts relatively clearly.

If my good friend, the Senator from Arkansas, has a question in mind relative to the statement made by the Senator from Connecticut, I should be happy to yield to the Senator from Connecticut, in order that he might answer the question of the Senator from Arkansas.

Mr. FULBRIGHT. I appreciate the fact that the Senator from Maine did not take the responsibility for that erroneous statement.

Mr. PAYNE. I am not positive that it was an erroneous statement. I suggest that the Senator withhold his question until the Senator from Connecticut might have the privilege of answering his question. I am willing to yield for that purpose.

Mr. FULBRIGHT. I should be very much pleased to have the Senator from Connecticut point out wherein the rate as carried in the bill is a grant-in-aid to the borrower.

Mr. BUSH. I simply say to the Senator from Arkansas, that any time the Government borrows money at one rate and lends it at a lower rate than the cost of the money to the Government, that constitutes a subsidy to some borrower.

Mr. FULBRIGHT. I do not think the Senator is talking about this bill. The formula which the bill continues is that the rate to be charged will go up or down according to the average rate which the Government pays on all its borrowing, plus one-fourth of 1 percent.

Mr. BUSH. The Senator from Arkansas knows perfectly well, I feel certain, he being the chairman of the committee, that the purpose of the amendment under discussion is to identify the loans contemplated with long-term

loans, which they are. The amendment provides that they may run for 50 years.

What we are saying is that Treasury should use loans of 15 years and longer in calculating the average on which they will base the interest rate; that they should use the long-range interest rate as a basis for lending money. The Senator from Arkansas does not consider that unbusinesslike, does he?

Mr. FULBRIGHT. The Senator from Arkansas cannot agree with the Senator from Connecticut as to what the cost of the money is. All the dollars which the Federal Government borrows are indistinguishable. At all times it has money borrowed for long and short periods; and the average cost is to be paid in this instance.

Let me give the Senator another example—

Mr. BUSH. Mr. President, I cannot accept the premise at all that all loans are of equal interest value. The Senator knows that short-term loans command a larger rate of interest.

Mr. FULBRIGHT. I did not say they were all the same. I said there was no subsidy, from the point of view of the Federal Government. Interest is being said which is equivalent to the average interest on all the money the Government borrows. In addition, to substantiate that very fact—

Mr. PAYNE. Mr. President, if the Senator will yield for a moment, I want to have this cleared up. The rate is based upon the average yield on all the money the Government borrows as the Senator from Arkansas has indicated.

Mr. FULBRIGHT. What the pending bill would continue is a formula based upon the average rate on all the money that is borrowed by the Treasury.

Let me give the Senator one further example. The Federal Government borrows, in effect in perpetuity, money from the old-age and survivors insurance fund at the same rate we are going to lend money to the schools; only they will pay an extra one-quarter of 1 percent. There is an amount of \$18 billion on which the Federal Government pays about 2½ percent. The formula that is used in arriving at the interest rate we pay to that fund we use in arriving at the interest rate for college housing loans. They also pay an additional one-quarter of 1 percent for administration costs.

I am unable to see where it is any subsidy of the Government in the sense that this is a grant-in-aid of the taxpayers of the country. It is no such thing. Why the Senator from Maine or the Senator from Connecticut would like the Federal Government to make a profit out of loans to educational institutions is beyond me. I do not think the Government should make a profit. We ought to be satisfied if the Government is reimbursed.

Mr. BUSH. Mr. President, does the Senator from Maine have the floor?

Mr. PAYNE. Mr. President, I have the floor. I yielded to the Senator from Connecticut so that he might answer the question of the Senator from Arkansas.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. PAYNE. In order that someone else may get into the discussion, and pro-



vided I do not lose my right to the floor, I shall be glad to yield to the Senator from Rhode Island, with that understanding.

Mr. PASTORE. With that understanding, I should like to ask a question. Did we not on yesterday do precisely what has been stated, when the Senate adopted the Carlson amendment? The interest the Government pays for money borrowed out of the funds is based on the average rate of interest. We made such provision with respect to the money the Government borrows from the funds being raised by contributions of employees of the Federal Government. We did that yesterday.

Mr. PAYNE. I think that, in some sense at least, further amplifies the fact that the amendment I have offered very closely ties in with what the Senate adopted yesterday.

Mr. BUSH. The question is very simple. It is whether we are going to reimburse the Government at interest rates which are paid for long-term money or not. The amendment of the Senator from Maine provides that for long-term loans, interest rates should be paid which are commensurate with long-term interest rates. The Senator from Arkansas says "No"; that they should be averaged with loans for 2 months, 90 days, 15 or 30 years. That is not the philosophy of the amendment. The philosophy of the amendment is that if long-term money is borrowed, long-term interest rates should be paid. That is in the interest of the taxpayers.

Mr. FULBRIGHT. For how long a period are the loans from the old-age and survivors' insurance fund?

Mr. BUSH. I shall not try to answer that question.

Mr. FULBRIGHT. It is for perpetuity, and the interest rate is  $2\frac{1}{2}$  percent.

Mr. DOUGLAS. Mr. President, will the Senator from Maine yield?

Mr. PAYNE. Mr. President, I yield, provided I do not lose my right to the floor.

Mr. DOUGLAS. The Senator from Connecticut was, and perhaps still is, one of the most eminent bankers in the country. May I ask him if it is not true that by far the major portion of Government indebtedness is in the form of short-time issues, such as 30 days, 60 days, 90 days, and 1 year?

Mr. BUSH. I have not checked those figures lately. There has been an effort made to lengthen the maturity date, in order to get away from inflationary trends of the financing, to which the Senator objected so strenuously for many years, and very correctly so.

Mr. DOUGLAS. I may say to my good friend, the Senator from Connecticut, that the major portion of Government indebtedness is in short-time issues. The administration came into power with a promise that it was going to stretch out the maturity dates. The administration has largely failed to do that. It is still refunding short-time issues. Since the administration has failed in its effort to eliminate short-time debts, and since those kinds of debts constitute the major portion of Government borrowing, is it

not reasonable to assume that will continue in the future, and that therefore the cost of one Government dollar which will be borrowed will be approximately the same as another Government dollar which will be borrowed?

Mr. BUSH. If the Senator is addressing that question to me, I say it is not reasonable to assume that. I think the only thing it is reasonable to assume is that if we are going to borrow long-term money, we should pay long-term interest rates. If there are institutions which wish to borrow long-term money from the Federal Government, they should pay what long-term money is worth to the Federal Government, not less. If that difference is to be made up, then it should be made up on the basis of a subsidy of institutions which may be borrowing. That is another issue. This is simply a business issue.

Mr. DOUGLAS. If outright Government grants were proposed to private institutions, they would not be upheld. A great many of the institutions are under church auspices, and such grants would be ruled out under the constitutional principle of the separation of church and State.

Mr. BUSH. I did not say it would be a good idea. I said if the difference were to be made up, that would be the way to do it.

Mr. DOUGLAS. The Senator is saying he does not believe in grants for housing.

Mr. BUSH. Wait a minute. The Senator does not need to explain what I am saying. I did not say that.

Mr. DOUGLAS. That is the effect of it.

Mr. PAYNE. Mr. President, I am perfectly willing to yield, and I have yielded considerable time, but it is a long distance between where I left off and where I want to carry on. We are all interested in trying to help solve the problem of educational institutions, and one of their most pressing problems is the lack of adequate domiciliary facilities. It does my heart good to see so much interest engendered on the part of so many in the interest of education, and the desire to want to do something about it.

Mr. DOUGLAS. Mr. President, will the Senator yield for a moment?

Mr. PAYNE. I yield.

Mr. DOUGLAS. May I say to my good friend from Maine that no one questions his good faith. I know he wants to improve educational facilities, but he is taking the wrong approach for doing it by raising interest rates by one-half of 1 percent.

Mr. FULBRIGHT. Mr. President, will the Senator from Maine yield for a question?

Mr. PAYNE. I yield.

Mr. FULBRIGHT. Can the Senator think of any representative of an educational institution who came before the committee with a request for an increase in interest rates? It is very strange that not a single one of them agrees with the Senator about what is good for education.

Mr. PAYNE. During my years of public service, and I am sure the Senator

from Arkansas will agree with me on this, I have never heard anyone yet come to me and ask that his retirement benefits might be lowered, or that he wanted his old-age assistance lowered, or his social-security benefits lowered, or that we should lower the amounts of grants that the Federal Government gives in the way of extension, vocational education, housing construction, or a single other thing.

That is my answer to the question of the Senator from Arkansas.

Now, Mr. President, I shall continue with my statement.

Believing that it is neither the intent nor the desire of Congress to assume complete responsibility for the construction of college housing, I am offering an amendment to Senate bill 3855, the housing bill now under debate, which would, in effect, raise the interest rate of Federal loans to colleges and universities from  $2\frac{3}{4}$  percent to approximately  $3\frac{1}{8}$  percent, or an increase of about three-eighths of 1 percent.

Mr. Robert Hazeltine, Commissioner of the Community Facilities Administration, Housing and Home Finance Agency, testifying before the Senate Subcommittee on Housing, pointed out at that time that such an increase in the interest rate would not have an adverse effect on the college-housing-loan program. Commissioner Hazeltine said, in part:

We have given long and careful study to this proposal, consulting both the borrowers and those who might be expected to participate in lending operations under the program. \* \* \* During the 5 years of the program's operation we have made loans at  $2\frac{3}{4}$ , 3.01,  $3\frac{1}{4}$ , and  $3\frac{1}{2}$  percent. \* \* \* It is this experience which indicates that the proposed rate will not have an adverse effect on the soundness or feasibility of these loans. \* \* \* The increase of three-eighths of 1 percent in the interest rate on the Federal loans \* \* \* would be a small price to pay for again encouraging a flow of private investment funds toward college housing and related facilities.

Mr. President, I urge adoption of the amendment, which has been modified by me to the extent that it now provides that every application for college housing submitted to the Housing Agency prior to May 1 and under consideration by it will be processed under existing law at the rate of  $2\frac{3}{4}$  percent.

Mr. FULBRIGHT. Mr. President, before I make my principal statement, I should like to make a few preliminary observations in regard to the amendment submitted by the Senator from Maine, and in particular in regard to his observation that there is no difference in our objectives, in that both he and I wish to assist the educational institutions.

I said that I knew of no educational institution which agreed with the Senator from Maine that the increase he proposes in the interest rate would be of benefit to the educational institutions. That is quite different from saying that those who benefit are customarily requesting adoption of the amendment. Of course, they do not. The question of whether the amendment of the Senator from Maine will be good for them is, it seems to me, one on which



their testimony constitutes a very important factor.

The truth of the matter is that all the representatives of educational institutions who testified on this subject before our committee were unanimous in agreeing that the increase proposed by the Senator from Maine in connection with the program would be a severe burden to them in carrying out a building program.

Mr. President, I urge the Senate to reject this amendment. The administration is proposing a higher interest rate on Federal loans for college housing. This is the same interest rate that the Congress rejected last year.

Mr. KERR. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. KERR. I wish to be sure that I have the situation correctly in mind. Under the law, as sponsored last year by the Senator from Arkansas and his committee, and as passed by the Congress, what is the interest rate which now is in effect?

Mr. FULBRIGHT. Two and three-quarters percent. It is based upon a formula which is the same as that used in arriving at the interest rate the Federal Government pays to the old age and survivors' insurance trust fund. That is the average.

Mr. KERR. What is the interest rate proposed in the amendment submitted by the Senator from Maine?

Mr. FULBRIGHT. It would be the average yield on bonds 15 years and over.

Mr. KERR. What effect on the interest rate would the amendment of the Senator from Maine have?

Mr. FULBRIGHT. It would increase the interest rate to 3½ percent at the present time.

Mr. KERR. In other words, it would result in an increase of three-eighths of 1 percent?

Mr. FULBRIGHT. Yes, as of the moment. Of course, that would vary as changes occur in the future.

Mr. KERR. I thank the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, as I said a moment ago, the administration is proposing a higher interest rate on Federal loans for college housing—namely, the same interest rate that the Congress rejected last year. It is the interest rate that was added to the program by the 83d Congress, and which all but killed the program. An increase in this interest rate would be a great disservice to our institutions of higher learning at a time when their need for housing is unprecedented.

In the fall of 1955, enrollment in our higher educational institutions reached approximately 2.7 million—an all-time high. According to the Department of Health, Education, and Welfare, this enrollment will rise steadily. By 1960, enrollment will reach 3 million—an increase of about 20 percent over 1954. By 1965, it will reach almost 4 million—an increase of about 60 percent over 1954. This increase of prospective students is inevitable, and is attributable to our normal population growth, accentuated by the high birth rate of the 1940's.

Not only is present housing inadequate to meet the need for future enrollment, but it is inadequate for the enrollment in 1956. Old barracks and other temporary structures pressed into use in the late 1940's are deteriorating beyond use. Many of these must now be removed because they are fire hazards, uneconomical to maintain, and because the special permits under which they were erected have expired.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. JOHNSTON of South Carolina. To show the need for enactment of the bill as it is now written, in order to give help to the colleges, does not the Senator from Arkansas find that all State institutions of higher learning have, in most instances, doubled their housing capacity in the last few years?

Mr. FULBRIGHT. We do not have any testimony on that point, one way or the other. I simply do not know.

Mr. JOHNSTON of South Carolina. When one examines those institutions, he can observe that they have been doing that.

However, in the case of the private institutions, in particular, we find they are lagging behind, because they do not have the necessary funds. Is not that true?

Mr. FULBRIGHT. Yes, I am confident that there is great need for housing.

Mr. JOHNSTON of South Carolina. That is what I am saying.

Mr. FULBRIGHT. We had much testimony on that point. We did not have testimony as to a great increase or a doubling of the housing in the case of the State institutions. I do not recall any testimony on that point.

Mr. JOHNSTON of South Carolina. In the cases in which the States have been able to give help in that situation—help that is greatly needed, I may say—the colleges have gone forward with the program. But in the case of the private institutions, we find that such assistance is badly needed at this time.

Mr. FULBRIGHT. I think the Senator's point is well taken, although in the case of the University of Arkansas, which is located in my home town, I can say that it is very much interested in this program, and has not been able to obtain from the State legislature as much money as it needs for housing.

Mr. JOHNSTON of South Carolina. I do not think any State institution is overbuilt, as regards housing. Of course, in my own particular State, we have just put on a \$100-million program of building for schools. We rushed forward with that program, and it will be found that we have doubled the capacity. I think the same will be found to be true in the case of Maryland. But in my State help is needed in that connection.

Mr. FULBRIGHT. Help is needed in the case of both the private and the public institutions. But, in particular, I think the pinch on the smaller private colleges is much greater, because their situation in that respect is much worse.

Mr. JOHNSTON of South Carolina. Yes; much, much worse.

Mr. FULBRIGHT. They need such assistance even more than do the State-supported institutions.

Mr. JOHNSTON of South Carolina. I know that in my own State, at the present time the small colleges are very much in need of additional housing, and they have been taking advantage of the law which now is on the statute books.

Mr. FULBRIGHT. I thank the Senator from South Carolina for the contribution he has made.

Mr. President, in 1955, the 10th national conference on higher education, sponsored by a department of the National Education Association, declared that present housing facilities are entirely inadequate for present and anticipated enrollments. The conference further declared an equally critical need for buildings to house other self-liquidating services, such as cafeterias and dining halls. This position was reaffirmed by the 11th national conference, held in 1956.

Mr. Herbert O. Farber, comptroller of the University of Illinois, made the following statement in testifying before our committee in March 1956:

Last spring when this committee considered the whole problem, there was general agreement on the urgency of the situation. Today there are very clear signs that the need is even more urgent than anticipated.

Just last week, for example, at a meeting of the constituent members of the American Council on Education, Ronald B. Thompson, registrar of Ohio State University, and a recognized authority in this field stated:

"The proportion of high-school graduates continuing on into college has increased dramatically in the last 4 years. Even those most closely related to the problem have not realized the full impact and significance of this revolutionary change in higher education. An examination of the data reveals that the number of first-time students in our colleges and universities has risen—from 40 percent of the number of high-school graduates in 1951 to almost 50 percent of the number in 1955. Stating this trend in another way, the number of first-time enrollments in our colleges and universities has risen 46 percent in 4 years."

Colleges are confronted with unprecedented demands at a time when their finances are strained almost to the breaking point. It seems clear to us that in the national interest the Federal Government has an unusual opportunity through the college housing loan program, to assist the colleges without expense to the Federal Government and that this is the time for large-scale vision in realizing the potentialities that are available due to the fortunate fact that these large numbers of boys and girls are with us and are seeking further education and training.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Arkansas yield at this point?

Mr. FULBRIGHT. I yield to the majority leader.

Mr. JOHNSON of Texas. I ask that the yeas and nays be ordered on the question of agreeing to the modified amendment submitted by the Senator from Maine [Mr. PAYNE].

Mr. FULBRIGHT. Mr. President, I join in the request for the yeas and nays on that question.



The PRESIDING OFFICER. The question is on agreeing to the modified amendment submitted by the Senator from Maine. On this question the yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, I thank the Senator from Arkansas for yielding.

Mr. FULBRIGHT. Certainly.

Mr. President, enrollment is rising, present buildings are inadequate, and new buildings must be provided. New buildings cost money; and there are only two sources for this money—gifts or loans. Gifts and grants can be made, and are being made, by individuals and by both private and public corporate bodies. But these gifts and grants have not been sufficient in the past, are not sufficient now, and will not be sufficient in the future. This means that a significant portion of the necessary money must be obtained by loans. Borrowed money cannot serve its full purpose in this program unless it can be repaid from the income of the buildings so provided. The record clearly shows that present interest rates are necessary for the liquidation of the loans on these buildings.

It is argued that the 2¾ percent interest presently charged the colleges for these loans is too low, and does not equal the price the Federal Government must pay for long-term money. It is said that these college housing loans run for 40 years and that they should bear the same interest as long-term Government bonds. This statement is not true. As a matter of fact, the college housing loans are repaid gradually over a period of 40 years. If the outstanding principal is averaged for comparison with Government bonds, the term is about the same as 23-year bonds. If the interest rate is determined as proposed in the administration's amendment, the Government would make an unwarranted profit out of our distressed colleges and universities.

It is immaterial to argue that one Federal dollar costs more than another. All Federal dollars are alike. The true measure of the cost of Federal money is the average cost of the Federal debt. If this average goes up, then the charge to colleges will go up. A new average will be computed in June. If the average rate of Federal borrowings is up, the interest charge on new loans will also go up.

There will always be short-term Federal borrowings and long-term Federal borrowings. The college housing loans have no effect on the amount of either kind of borrowing. If colleges pay the average Federal rate plus one-fourth of 1 percent, the program is entirely self-supporting and costs the taxpayers nothing.

If this is a subsidy to colleges, then the Federal Government is shortchanging the old age and survivors insurance fund. The Treasury pays interest on borrowings from this fund at the same rate that colleges must pay for housing loans—except that colleges pay one-fourth of 1 percent extra for Federal

administrative expenses. Furthermore, the borrowings from the old-age and survivors insurance fund are not for 30 years or 40 years. They are forever. I understand that a proposal to change the interest rate formula on Treasury borrowings from the OASI fund has been adopted by the Finance Committee. Although this formula is designed to raise the interest payable to the trust fund, the rate would still be lower than the proposed rate now being offered for the college housing program. As a matter of fact, under current market conditions, the OASI interest rate would probably remain unchanged.

It is also argued that the present interest rates to all colleges merely to for college housing and that the only way to stimulate private loans in this field is to raise the interest rate. This cannot be supported. The Housing and Home Finance Agency estimates that \$4 billion in college housing construction will be required in the next 9 years. The total Federal fund is only \$500 million—proposed to be raised to \$750 million by S. 3855. Obviously, private capital must supply the great bulk of funds required.

Why should it be necessary to raise interest rates to all colleges merely to force some colleges out of the Federal program? Is the proposed higher interest rate merely a rationing device to screen out the large publicly supported institutions? If so, why can they not be screened out without raising the interest rate for other schools? If rationing of the Federal funds is necessary, surely the administration can think of a better way than raising the interest rate. It would not help any college to raise the interest rate, solely to make certain schools with better credit standing borrow their funds elsewhere at higher rates.

State institutions in Oregon recently withdrew over \$5 million in applications because they can obtain private funds at less than 2¾ percent. The University of Nebraska has financed \$3½ million; with private bonds. The University of Idaho withdrew its Federal application and sold \$2 million in bonds to the State pension fund. Three Minnesota teachers colleges withdrew and sold \$2.3 million in bonds to the State pension fund. These are random samples recalled by one witness before the committee—but demonstrating that the Federal loan program is not the only source of funds for college housing.

I should like to interject another thought. The figures cited by the Senator from Maine [Mr. PAYNE] a moment ago with regard to the participation of private funds relate only—if I understood him correctly—to the instances in which applications for Federal funds were later taken up by private loans, and did not purport to deal with the vast amount of building which is going on without the builders ever having applied, or having anything to do with the Government program. So I submit that it is not conclusive or very persuasive evidence as to what has happened with respect to overall building in the college field.

Furthermore, I think the Senate should recognize the soundness of testi-

mony before the Banking and Currency Committee by Dr. John F. Meck, treasurer and vice president of Dartmouth College. Dr. Meck stated:

As I have indicated, we wish to point out first that any action which this committee or the Congress may approve on these amendments this spring will be taken in the absence of adequate information. There has been no comprehensive study of college housing in recent years. We simply do not know how many dormitories have been constructed since 1950, how they have been financed, how the total volume of construction has varied from year to year, or how the proportions of financing from different sources have varied from year to year.

It is easy to produce random examples to show that institutions have undertaken construction with support from other sources such as gifts, borrowings from endowment, State appropriations, and private loans. Hence, the college housing loan program has never been and will never be the sole source of funds for college housing. What we do not know is how large a part this Federal program has played to date or how large a part it may be called upon to play in the future.

I can report to you that the American Council on Education has undertaken a comprehensive study of college housing, including the roles played, in recent years, by Federal loans, private loans, State loans, private gifts, State and municipal appropriations, and other sources of funds. The study, under the direction of Dean Arthur Weimer, of the Business School of Indiana University, will be thorough, factual, and objective. The results will be available before the end of this year.

The Housing and Home Finance Agency alleges that Federal funds are becoming the sole source for financing college housing. This has not been demonstrated. The American Council on Education is now gathering data on the subject, and I think the administration should withdraw this argument until the facts have been assembled and analyzed.

The 83d Congress increased the interest rate and almost killed the Federal loan program, but this did not increase private loans to any important degree.

The following table shows the number and amount of applications approved since the inception of the program, together with estimates of the housing agency for fiscal years 1956 and 1957:

Fiscal year	Number of approvals	Total amount in millions
1952.....	25	\$19.3
1953.....	71	69.6
1954.....	41	27.9
1955.....	63	45.9
1956 (estimated).....	110	110.0
1957 (estimated).....	220	220.0
Total.....		492.7

As can be seen, this total would take up practically all of the presently authorized amount.

These figures tell the history of the college housing-loan program. Fiscal year 1952 shows retarded operations because of the necessity to channel productive resources of the Nation toward the Korean emergency. Fiscal year 1953 reflects an increased activity after the Korean emergency and under the reasonable interest rate policy established by



the initial law. Fiscal years 1954 and 1955 show a drop in the program caused exclusively by the higher interest rates enacted in the 83d Congress. In the first session of the 84th Congress, when this interest rate was reduced, our committee heard witness after witness state that the interest rate was the cause of reduced activity in the college housing-loan program. The significant increase in activity estimated for fiscal years 1956 and 1957 show that with a lower interest rate, colleges and universities can afford to go ahead with plans for badly needed housing construction.

It is also argued that the higher interest rate would have very little effect upon room rent to students. A judgment on this subject is a very relative matter because \$10 means as much to some students as \$100 means to others. Dr. Meck testified that this higher interest would cost his students \$25 to \$35 more rent per year. This can be a very significant factor in the educational budget for the parents of many college students.

Furthermore, this is not a true measure of the effect of a higher interest rate. From the standpoint of the college administrator, this \$25 or \$30 must be multiplied by the number of students to be so affected, and the aggregate increase in interest charges becomes a very important consideration for those who must decide whether to go ahead with a new dormitory or whether to abandon it. Large numbers of students obtain dormitory rooms at prices below the economic rent, and the deficit is made up from other funds available to the institution. Every dollar added to a student's housing cost is a dollar taken away from some other educational endeavor. Increased interest rates mean an increased drain on scholarship funds and on funds which might otherwise be allocated for teachers' salaries and educational buildings.

Mr. President, I cannot overstate my conviction that this loan program should be continued under the present formula for computing interest charges. This program would not cost the Federal Government anything. Even if it could be demonstrated that a subsidy was involved, I would still argue in favor of current interest rates. I can certainly see no justification for the Federal Government making a profit at the expense of college students at a time when our national survival may very well depend upon the education of these young men and women.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The question is on agreeing to the amendment, as modified, offered by the Senator from Maine [Mr. PAYNE]. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. FULBRIGHT. Mr. President, has my vote been recorded?

The VICE PRESIDENT. The Senator has been recorded as voting in the negative.

Mr. MANSFIELD. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. JOHNSTON of South Carolina. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. HOLLAND. Mr. President, am I recorded?

The VICE PRESIDENT. The Senator from Florida is recorded as having voted in the negative.

Mr. DOUGLAS. Mr. President, may I inquire of the Chair whether I am recorded as having voted?

The VICE PRESIDENT. The Senator is recorded as having voted.

Mr. DOUGLAS. May I inquire how I am recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. KERR. Mr. President, may I inquire if I am recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. KERR. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. HUMPHREY. Mr. President, how am I recorded on this yea-and-nay vote?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. HUMPHREY. How?

The VICE PRESIDENT. In the negative.

Mr. LEHMAN. Mr. President, how am I recorded?

The VICE PRESIDENT. In the negative.

Mr. MAGNUSON. Mr. President, how am I recorded?

The VICE PRESIDENT. In the negative.

Mr. LONG. Mr. President, how am I recorded?

The VICE PRESIDENT. In the negative.

Mr. WOFFORD. Mr. President, may I inquire whether I am recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. KENNEDY. Mr. President, how am I recorded?

The VICE PRESIDENT. In the negative.

Mr. SMATHERS. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. HILL. Mr. President, am I recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. SPARKMAN. Mr. President, am I recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. HILL. Mr. President, how am I recorded as having voted?

The VICE PRESIDENT. In the negative.

Mr. JOHNSTON of South Carolina. Mr. President, if a Senator votes one way, may he change his vote?

Mr. KNOWLAND. Mr. President, may we have the regular order?

The VICE PRESIDENT. The regular order is requested.

Mr. JOHNSON of Texas. Mr. President, I hope the Senator from California will not insist on the regular order. We have a distinguished colleague, who is now in the radio gallery, who desires to vote. He is on his way to the Chamber.

Mr. KNOWLAND. I am always glad to be cooperative. However, we have now gone through the whole list. We on this side of the aisle also have one or two Members who are absent and who are on their way to the Chamber.

Mr. JOHNSON of Texas. The Senator from Texas will be glad to cooperate with the Senator from California if a Member of the Senate on the other side of the aisle who wishes to be recorded on this vote is on his way to the Chamber.

Mr. KNOWLAND. Of course, if any Senator on the other side of the aisle does not know how he has been recorded on the vote, I shall be glad to have him make inquiry in that regard.

Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator from California is recorded as having voted in the affirmative.

Mr. IVES. Mr. President, am I recorded? If so, how am I recorded?

The VICE PRESIDENT. The Senator from New York is recorded as having voted in the affirmative.

Mr. WILLIAMS. Mr. President, am I recorded?

The VICE PRESIDENT. The Senator from Delaware is recorded as having voted in the affirmative.

Mr. DWORSHAK. Mr. President, how am I recorded?

The VICE PRESIDENT. In the affirmative.

Mr. JENNER. Mr. President, how am I recorded?

The VICE PRESIDENT. In the affirmative.

Mr. BRIDGES. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator voted in the affirmative.

Mr. POTTER. Mr. President, how am I recorded?

The VICE PRESIDENT. In the affirmative.

Mr. KERR. Mr. President, I ask for the regular order.

The VICE PRESIDENT. The regular order is requested.

Mr. WILLIAMS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Delaware will state it.

Mr. WILLIAMS. What is the regular order?



The VICE PRESIDENT. The next step in the regular order will be the announcement of the vote.

Mr. CURTIS. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator from Nebraska is recorded as having voted in the affirmative.

Mr. ALLOTT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Colorado will state it.

Mr. ALLOTT. What was the reply of the Chair to the inquiry by the Senator from Delaware [Mr. WILLIAMS]? The reply was inaudible in the back of the Chamber because of the traffic. I wonder if we might have the reply of the Chair restated.

Mr. BRICKER. Mr. President, I ask for a recapitulation of the vote.

The VICE PRESIDENT. A recapitulation will not be in order until the vote has been announced.

Mr. JOHNSON of Texas. Mr. President, may we have the result of the vote announced now?

Mr. ALLOTT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Colorado will state it.

Mr. ALLOTT. I am afraid the Vice President did not hear my inquiry. Due to the traffic and the noise in the back of the Senate Chamber, it was impossible for Senators to hear the ruling of the Chair on the inquiry of the Senator from Delaware. I wonder if we might have the ruling restated, so that we will know what it is.

The VICE PRESIDENT. The Senator from Delaware requested the regular order. The regular order is the announcement of the vote.

Mr. SMATHERS. I announce that the Senator from Kentucky [Mr. CLEMENTS], the Senator from Mississippi [Mr. EASTLAND], and the Senators from North Carolina [Mr. ERVIN and Mr. SCOTT] are absent on official business.

The Senator from Tennessee [Mr. KEFAUVER] and the Senator from West Virginia [Mr. NEELY] are necessarily absent.

On this vote, the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Kentucky would vote "nay," and the Senator from Indiana would vote "yea."

I further announce that if present and voting, the Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. ERVIN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from West Virginia [Mr. NEELY], and the Senator from North Carolina [Mr. SCOTT] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART], the Senator from Idaho [Mr. DWORSHAK] and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Ohio [Mr. BENDER], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

The Senator from Iowa [Mr. MARTIN] is detained on official business. If pres-

ent and voting, the Senator from Ohio [Mr. BENDER] and the Senator from Iowa [Mr. MARTIN] would each vote "yea."

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Kentucky [Mr. CLEMENTS]. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Kentucky would vote "nay."

The yeas and nays resulted:

#### YEAS—40

Allott	Dirksen	Potter
Barrett	Duff	Purtell
Beall	Flanders	Robertson
Bennett	Goldwater	Saltonstall
Bricker	Hruska	Schoeppel
Bridges	Ives	Smith, Maine
Bush	Jenner	Smith, N. J.
Butler	Knowland	Thye
Byrd	Kuchel	Watkins
Carlson	Malone	Welker
Case, N. J.	Martin, Pa.	Williams
Case, S. Dak.	Millikin	Young
Cotton	Mundt	
Curtis	Payne	

#### NAYS—41

Anderson	Holland	McNamara
Bible	Humphrey	Monroney
Chavez	Jackson	Morse
Daniel	Johnson, Tex.	Murray
Douglas	Johnston, S. C.	Neuberger
Ellender	Kennedy	O'Mahoney
Frear	Kerr	Pastore
Fulbright	Laird	Russell
George	Langer	Smathers
Gore	Lehman	Sparkman
Green	Long	Stennis
Hayden	Magnuson	Symington
Hennings	Mansfield	Wofford
Hill	McClellan	

#### NOT VOTING—14

Aiken	Eastland	McCarthy
Bender	Ervin	Neely
Capehart	Hickenlooper	Scott
Clements	Kefauver	Wiley
Dworshak	Martin, Iowa	

The VICE PRESIDENT. The result on this vote is yeas 40; nays 41. So the amendment offered by the Senator from Maine [Mr. PAYNE] is rejected.

Mr. BRICKER. Mr. President, now I ask for a recapitulation.

The VICE PRESIDENT. The Senator from Ohio has requested a recapitulation.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Under a request for a recapitulation, no Senator may change his vote, and no Senator who did not vote previously may vote now.

Mr. JOHNSON of Texas. The Chair anticipated my inquiry.

The VICE PRESIDENT. The clerk will recapitulate the vote.

The vote was recapitulated.

The VICE PRESIDENT. The bill is open to amendment.

Mr. LEHMAN obtained the floor.

Mr. JOHNSON of Texas. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Texas?

Mr. LEHMAN. I shall be glad to yield.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the amendments just voted on was rejected.

Mr. FULBRIGHT. Mr. President, I move to lay that motion on the table.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on that motion.

The yeas and nays were ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. DOUGLAS. May I inquire what the motion is which is now before the Senate?

The VICE PRESIDENT. The motion on which the Senator from California asked for the yeas and nays was the motion to reconsider the vote by which the amendment offered by the Senator from Maine [Mr. PAYNE] was rejected.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FULBRIGHT. Was not the motion to lay on the table the one on which the yeas and nays were ordered?

The VICE PRESIDENT. The Senator from Arkansas is correct. The second motion is the one on which the yeas and nays have been ordered.

Mr. DOUGLAS. Do I understand correctly that the yeas and nays have been ordered on the motion to lay on the table the motion to reconsider the vote?

The VICE PRESIDENT. The Senator is correct.

The clerk will call the roll.

Mr. LEHMAN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LEHMAN. Do I understand the Senator from New York will have the floor following the yeas and nays?

The VICE PRESIDENT. The Senator from New York will be recognized.

The absence of a quorum has been suggested, and the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allott	Green	Millikin
Anderson	Hayden	Monroney
Barrett	Hennings	Morse
Bennett	Hill	Mundt
Bible	Holland	Murray
Bricker	Hruska	Neuberger
Bridges	Humphrey	O'Mahoney
Bush	Ives	Pastore
Butler	Jackson	Payne
Byrd	Jenner	Potter
Carlson	Johnston, Tex.	Purtell
Case, N. J.	Johnston, S. C.	Robertson
Case, S. Dak.	Kennedy	Russell
Chavez	Kerr	Saltonstall
Cotton	Knowland	Schoeppel
Curtis	Kuchel	Smathers
Daniel	Laird	Smith, Maine
Dirksen	Langer	Smith, N. J.
Douglas	Lehman	Sparkman
Duff	Long	Stennis
Ellender	Magnuson	Symington
Flanders	Malone	Thye
Frear	Mansfield	Watkins
Fulbright	Martin, Iowa	Welker
George	Martin, Pa.	Williams
Goldwater	McClellan	Wofford
Gore	McNamara	Young

The VICE PRESIDENT. A quorum is present.

The question is on agreeing to the motion of the Senator from Arkansas [Mr. FULBRIGHT] to lay on the table the motion of the Senator from Texas [Mr. JOHNSON] to reconsider the vote by which the Payne amendment was rejected.



Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. JOHNSON of Texas. As I understand, the vote is on the motion to table the motion to reconsider.

The VICE PRESIDENT. The Senator is correct.

Mr. JOHNSON of Texas. So if a Senator desires to table the motion to reconsider, he should vote "yea," and if he opposes such action he should vote "nay." Is that correct?

The VICE PRESIDENT. The Senator is correct.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERTSON (when his name was called). On this vote I have a pair with the senior Senator from North Carolina [Mr. ERVIN]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I, therefore, withhold my vote.

The rollcall was concluded.

Mr. SMATHERS. I announce that the Senator from Kentucky [Mr. CLEMENTS], the Senator from Mississippi [Mr. EASTLAND], the Senators from North Carolina [Mr. ERVIN and Mr. SCOTT] are absent on official business.

The Senator from Tennessee [Mr. KEFAUVER] and the Senator from West Virginia [Mr. NEELY] are necessarily absent.

On this vote the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Kentucky would vote "yea" and the Senator from Indiana would vote "nay."

I further announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Tennessee [Mr. KEFAUVER], the Senator from West Virginia [Mr. NEELY], and the Senator from North Carolina [Mr. SCOTT] would each vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Maryland [Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from Idaho [Mr. DWORSHAK], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Ohio [Mr. BENDER], the Senator from Iowa [Mr. HICKENLOOPER] and the Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

If present and voting, the Senator from Maryland [Mr. BEALL] and the Senator from Ohio [Mr. BENDER] would each vote "nay."

On this vote the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Kentucky [Mr. CLEMENTS]. If present and voting, the Senator from Indiana would vote "nay" and the Senator from Kentucky would vote "yea."

The result was announced—yeas 41, nays 39, as follows:

## YEAS—41

Anderson	Douglas	George
Bible	Ellender	Gore
Chavez	Frear	Green
Daniel	Fulbright	Hayden

Hennings  
Hill  
Holland  
Humphrey  
Jackson  
Johnson, Tex.  
Johnston, S. C.  
Kennedy  
Kerr  
Laird

Langer  
Lehman  
Long  
Magnuson  
Mansfield  
McClellan  
McNamara  
Monroney  
Morse  
Murray

Neuberger  
O'Mahoney  
Pastore  
Russell  
Smathers  
Sparkman  
Stennis  
Symington  
Wofford

## NAYS—39

Allott  
Barrett  
Bennett  
Bricker  
Bridges  
Bush  
Butler  
Byrd  
Carlson  
Case, N. J.  
Case, S. Dak.  
Cotton  
Curtis

Dirksen  
Duff  
Flanders  
Goldwater  
Hruska  
Ives  
Jenner  
Knowland  
Kuchel  
Malone  
Martin, Iowa  
Martin, Pa.  
Millikin

Mundt  
Payne  
Potter  
Purtell  
Saltonstall  
Schoeppel  
Smith, Maine  
Smith, N. J.  
Thye  
Watkins  
Welker  
Williams  
Young

## NOT VOTING—15

Aiken  
Beall  
Bender  
Capehart  
Clements

Dworshak  
Eastland  
Ervin  
Hickenlooper  
Kefauver

McCarthy  
Neely  
Robertson  
Scott  
Wiley

So Mr. FULBRIGHT's motion to lay on the table the motion of Mr. JOHNSON of Texas to reconsider was agreed to.

Mr. LEHMAN. Mr. President, I offer an amendment and ask that it be stated.

The VICE PRESIDENT. The Secretary will state the amendment.

The Chief Clerk read the amendment, as follows:

## SERVICEMEN'S READJUSTMENT ACT OF 1944

SEC. —. (a) The fourth sentence of subsection (a) of section 500 of the Servicemen's Readjustment Act of 1944, as amended, is amended by striking out "ten" the first time it appears therein and inserting in lieu thereof "thirteen."

(b) Paragraph (C) of subsection (b) of section 512 of such act is amended by striking out "1957" and inserting in lieu thereof "1960."

Mr. JOHNSON of Texas. Mr. President, if the Senator from New York will yield to me briefly, I should like to make an announcement to the Senate. There are two amendments, the Lehman amendment and the Bricker amendment, on which we hope we will be able to vote shortly. I am sure a yea-and-nay vote will be requested on the Bricker amendment.

The White House Correspondents Association is holding its dinner this evening, and a number of Senators expect to attend. Therefore, we should like to conclude the session of the Senate today as early as possible. However, if we are to have delaying tactics and quorum calls, and things of that nature, it is possible that we will be here very late this evening. We can proceed expeditiously if we can get Senators to come to the Chamber on time to answer quorum calls and to vote on yea-and-nay votes. I hope Senators will make every effort to answer to their names when a quorum call is had and when a yea-and-nay vote is had.

# PAYMENT TO CROW INDIAN TRIBE FOR RIGHT-OF-WAY FOR YELLOWTAIL DAM UNIT—CONFERENCE REPORT

Mr. MURRAY. I submit a report of the committee of conference on the dis-

agreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 135) for payment to Crow Indian Tribe for consent to transfer of right-of-way for Yellowtail Dam unit, Missouri River Basin project, Montana-Wyoming. I ask unanimous consent for the present consideration of the report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of May 23, 1956, pp. 7963-7964, CONGRESSIONAL RECORD.)

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. MURRAY. Mr. President, in order to save time, I ask unanimous consent to have printed in the RECORD at this point a statement dealing with the subject of the conference report.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

## STATEMENT BY SENATOR MURRAY

The adoption of the conference report on Senate Joint Resolution 135 completes congressional action to end a long-standing controversy between Federal agencies and the Crow Indians over the amount of compensation to be paid for right-of-way for Yellowtail Dam, powerplant, and reservoir on the Big Horn River in Montana and Wyoming. When the resolution is signed by the President and the funds transferred to the credit of the Crow Indians, the long-delayed construction of Yellowtail Dam can begin.

The dam was authorized by the Flood Control Act of 1944, which was piloted through the Senate by the distinguished Senator from Wyoming [Mr. O'MAHONEY]. Funds for the construction of the dam were recommended by three Secretaries of the Interior, without an estimate being transmitted to the Congress.

Congress, on its own motion last year, appropriated \$4 million to begin construction of the dam. The President, in the fiscal year 1957 budget, recommended \$10,850,000 in additional funds for construction, which has been held up by lack of agreement with the Crow Indians on payment for right-of-way for the dam, powerplant, and reservoir.

My able colleague [Mr. MANSFIELD] and I introduced Senate Joint Resolution 135 to accept an offer by the Crow Indians of \$5 million for the Yellowtail Dam right-of-way. Payment of this amount is fully justified on firm and unassailable grounds. Testimony at a hearing before the Senate Committee on Interior and Insular Affairs supported this figure.

In fact, precedent set by Federal agencies in the case of the Kerr Dam of the Montana Power Co. in Montana might have justified higher payment. In the Kerr Dam case, the Federal Power Commission 25 years ago required the Montana Power Co. to pay the Flathead Indians for lease of right-of-way at a rate 1½ times that to be paid the Crow Indians for sale of the Yellowtail Dam right-of-way.

The fairness of the Crow offer is attested by two other factors. One, a part of the Kerr Dam and powerplant is located on Flathead Indian land while all of Yellowtail Dam and powerplant will be on Crow Indian land. Further, the Indian acreage in the Kerr Dam-Flathead instance is only one-third of that required at Yellowtail.

In the House version of Senate Joint Resolution 135, payment of \$1,500,000 to the Crow



Indians was provided. A majority of the House conferees agreed that the \$5 million passed by the Senate was the proper figure. In other essential respects, the few differences between the Senate and House were ironed out and the conference report offers a fair and just settlement of the right-of-way problem. Mineral rights and fishing privileges are reserved to the Crow Indians.

Construction of Yellowtail Dam will provide needed employment for able-bodied Crow Indians. The power to be produced at the dam will be fed into the Missouri River Basin system, which serves eastern Montana, Wyoming, and the Dakotas. The dam will also serve an important flood-control function, and also aid irrigation through the Hardin irrigation unit.

**MR. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement which I prepared on the subject of the conference report now pending before the Senate.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

**STATEMENT BY SENATOR MANSFIELD**

The Senate is now asked to approve the conference report on Senate Joint Resolution 135, directing the Secretary of the Interior to pay \$5 million to the Crow Indian Tribe for consent to transfer of right-of-way for Yellowtail Dam and Reservoir, Hardin unit, Missouri River Basin project, in Montana and Wyoming.

The House has approved the conference report and I sincerely hope that the Senate will approve the report this afternoon so that the resolution can be sent to the White House for the President's signature. The approval of this \$5 million payment will be the final step precluding the actual construction of Yellowtail Dam and Reservoir.

Yellowtail Dam and Reservoir was authorized in the Flood Control Act of 1944. Briefly, this project, when completed, will be multipurpose in its benefits. First, this project will help meet the hydroelectric power shortage in the area. The completed dam and reservoir would be invaluable in flood control and irrigation work. A completed Hardin irrigation unit would comprise about 45,800 acres of benchland just downstream from Yellowtail Dam in southeastern Montana. Incidental, but important benefits of the project are silt retention, improvement of fish and wildlife resources and recreation. I cannot stress too strongly the importance of this project to the economical development of the Northwest.

In 1954, the House Committee on Interior and Insular Affairs recommended that this project be "immediately programmed for construction." All preliminary work, investigations and advanced planning are now complete. The fiscal year 1956 public-works appropriation bill included an initial appropriation of \$4 million for this project. When President Eisenhower sent fiscal year 1957 budget to Congress this year, it included a request for an additional \$10,850,000 to carry on construction of Yellowtail Dam. There is general agreement between the executive department, the Congress and the local people that the construction of this project should proceed.

However, prior to construction a transfer of right-of-way for some 7,000 acres of Crow Indian tribal lands must be negotiated with the Crow Indian Tribal Council. The dam site is located on tribal lands. Some of their lands will be inundated by the reservoir. Of the 30,857 acres required, 6,997 acres are tribal lands.

The Interior Department has offered \$1,500,000 in settlement, but this figure was rejected by the tribe. In a resolution on January 11, 1956, the Crow Tribal Council

requested a settlement of \$5 million. After due consideration, the distinguished senior Senator from Montana [Mr. MURRAY], Montana's Congressman from the First District [Mr. METCALF], and I concluded that the Indian request was equitable and fair to all concerned. The only other course of action was condemnation proceedings, to which I am unalterably opposed.

I might say at this point that we now have an opportunity to treat a segment of our American Indian population as an equal and in a justifiable manner, something that the Federal Government has neglected to do all too frequently in years gone by.

The \$5 million figure is not something that was just pulled out of a hat; there is sound justification for it, and it is not without precedent nor is it a giveaway in any sense of the word.

The settlement agreed upon by the Crow Tribe was arrived at as a result of an exhaustive study made by a consulting engineer. The \$5 million was an alternative to a proposal of annual payments to the tribe and tribal ownership after 50 years. The \$5 million figure is supported by local interests and Montana's Governor Aronson has endorsed the \$5-million settlement.

The precedent to this action was set in the 1930's when the Federal Power Commission issued a license to the Montana Power Co., authorizing the construction of Kerr Dam on the Flathead River in Montana. At the time it was necessary to compensate the Flathead Indian Tribe for rights-of-way in connection with Kerr Dam. Montana Power agreed to compensate the Flathead Tribe for power-site values in connection with the right-of-way required for Kerr Dam and Reservoir. Over a period of approximately 20 years payments in the amount of \$2,929,000 would be made to the Flathead Indian Tribe as compensation for the use of the land for the power development. Montana Power Co. is required to renew the agreement at the end of 20 years.

In comparison to what the Flathead Indian Tribe is getting for only 2,100 acres of land at Kerr Dam, it is not too much to direct the Secretary of the Interior to pay \$5 million for a project which will furnish cheap power, irrigation, flood control, business, employment, and security in eastern Montana and northern Wyoming.

This payment is not based on the estimated actual value of the 7,000 acres of land involved, the site is worth a great deal more than the actual price of the land. The Bureau of Reclamation is paying for the value of the land as a dam site, a sound business venture in view of a multi-purpose project which will be fully repayable with interest.

The Crow Tribe has made an offer that is eminently fair. As I have indicated, there is unanimous feeling that Yellowtail Dam should go forward promptly. If this conference is rejected the negotiations will be thrown into the courts and considerable delay, in addition to unjust treatment of the Crow Indian Tribe, will be the end result. Delay will jeopardize the additional request for funds submitted by the President for fiscal year 1957.

It is my considered judgment that the Senate should reaffirm its support of Senate Joint Resolution 135 and accept without delay the conference report on this legislation directing the Secretary of the Interior to pay the Crow Indian Tribe \$5 million for consent to transfer of right-of-way for Yellowtail Dam and Reservoir, reserving mineral and recreation rights for the Indians as desired.

**MR. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD at this point a copy of a letter which I wrote to the Senator from Arizona [Mr. HAYDEN] under date of May 23, 1956.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,  
Washington, D. C., May 23, 1956.

HON. CARL HAYDEN,  
Chairman, Committee on Appropriations,  
United States Senate, Washington,  
D. C.

DEAR MR. CHAIRMAN: The public-works appropriation bill, fiscal year 1957, as passed by the House Committee on Appropriations, disallows new funds in the amount of \$10,850,000 for Yellowtail unit, Montana-Wyoming. I ask that these funds be restored when the bill H. R. 11319 comes before the Senate Committee on Appropriations for final action.

I make this plea in light of more recent developments. I assume that the budget request for funds to begin construction on Yellowtail Dam and Reservoir were disallowed by the House committee because of the uncompleted negotiations with the Crow Indian Tribe for consent to transfer of right-of-way for approximately 7,000 acres of tribal lands at and near the dam site.

Companion joint resolutions were passed by both Houses of Congress directing the Secretary of the Interior to pay the Crow Indian Tribe for the transfer of these lands, allowing certain reservations. The conference committee on these joint resolutions has made its report, recommending a payment of \$5 million to the Crow Indian Tribe for the transfer of these lands. This figure is agreeable to the Indians, local interests, Montana officials, and it is the figure approved in Senate Joint Resolution 135 which passed the Senate March 16, 1956. When the conference report is approved and sent to the President for his signature, it will remove the last obstacle to construction on this multipurpose project.

This approach to the settlement of the land negotiations with the Crow Indian Tribe is most satisfactory, as compared with condemnation proceedings which would result in a lengthy court action and a solution leaving a bitterness on all sides.

The settlement of the transfer of right-of-way of these lands appears very near at hand. I recommend and ask that careful consideration be given to the restoration of the budget request of \$10,850,000 for Yellowtail unit. These additional funds would provide for construction in fiscal year 1957 above and beyond the limitations of present carry-over funds. Yellowtail Dam and Reservoir is essential to the development and economic welfare of eastern Montana.

With best personal wishes, I am

Sincerely yours,

MIKE MANSFIELD.

**MR. MORSE.** Mr. President, I wish to commend the Senators from Montana for the leadership they have given the Senate regarding this issue. The two Senators from Montana for a long time past have been working on a program of justice with respect to this issue. They have done a remarkably fine, statesman-like job. I extend to them my sincere commendation.

**MR. MURRAY.** Mr. President, I thank the Senator from Oregon.

**MR. MANSFIELD.** I thank the Senator.

**THE VICE PRESIDENT.** The question is on agreeing to the conference report.

The report was agreed to.

**HOUSING AMENDMENTS OF 1956**

The Senate resumed the consideration of the bill (S. 3855) to extend and amend



laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes.

Mr. LEHMAN. Mr. President, I have joined with the Senators from Alabama [Mr. SPARKMAN and Mr. HILL] and the Senator from Minnesota [Mr. HUMPHREY], in offering this amendment to the Housing Act to amend subsection (a) of section 500 and subsection (b) of section 512 of the Servicemen's Readjustment Act of 1944, so as to extend the veterans' loan program for a period of 3 years.

I should like to state for the record that it is my privilege to be chairman of the Veterans' Affairs Subcommittee of the Labor and Public Welfare Committee. The legislation for the extension of the GI loan program has been pending before my committee, and I have had an opportunity to consider and study it in some detail. The other two co-sponsors of this amendment, Senators HILL and SPARKMAN, are, respectively, the chairman of the Labor and Public Welfare Committee, and the chairman of the Housing Subcommittee of the Banking and Currency Committee. Thus, this amendment represents the leadership of committees and subcommittees concerned with this subject matter.

The basic purpose of the loan program was to facilitate the readjustment of veterans by the extension of credit to them for the establishment of households, farms, or businesses. It was felt that these veterans, as a consequence of their military service, had been deprived of the opportunity to accumulate savings and establish credit and employment records.

In the years that have passed since the enactment of this measure, almost 4 million veterans have received a guaranteed or direct loan, and these loans have been unusually helpful. But there are 15¾ million veterans entitled to these benefits. Thus, at least over 11 million veterans have not used any GI loan entitlement, and most of the 4 million veterans who have received a guaranteed or direct loan have a substantial amount of entitlement remaining.

But time is running out. The loan program will expire on July 25, 1957 and, because of the time necessary to process loan applications, the program, for all intents and purposes, will expire this coming January. Hence, these 11 million veterans have a scant 7 months to decide whether they will buy a home or a farm or establish themselves in a business. Many of them are not quite ready to do so. Many need more time to make these important decisions which will have profound effects upon their future lives. There is no good reason for rushing these veterans into making such far-reaching decisions. If they need a little more time to chart the course of their lives, after the disruption of their lives by military service, there seems to be no valid reason why that time should not be granted to them.

From the standpoint of cost to the Government, there is no appreciable

difference. Since 1944 the Government has stood ready to guarantee these loans. The 11½ million veterans who have not yet exercised those rights, could, at any time during the past years, have taken advantage of them. To give them additional time to do so now seems not only just, but also economical in the long run. It will save many a veteran from taking precipitous action today which he may not be prepared for, economically. Giving him an extension of time to complete his economic readjustment, to get set in his job and community, is in the end economical both for himself and for the Federal Government. The direct loans were authorized at a later date but the principle is the same.

Now originally the substance of this proposal was contained in S. 302, introduced by Senators SPARKMAN and HILL. That bill was referred to the Subcommittee on Veterans' Affairs of the Committee on Labor and Public Welfare, of which I am chairman. In the ordinary course of events, that subcommittee would have held hearings on the bill, and would have reported it to the full committee, which would then have reported it to the Senate.

The staff working on the housing bill has prepared a thorough and comprehensive analysis of how the veterans housing loan guaranty has worked in practice.

Mr. President, I ask unanimous consent to have inserted in the RECORD, at the conclusion of my remarks, this staff study on veterans housing loans.

The PRESIDING OFFICER. Is there objection? The chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. LEHMAN. Mr. President, very little controversy has developed concerning this bill. The mail received has been overwhelmingly in favor of the provisions for an extension of the expiration date.

My mail, coming not only from the veterans themselves but from the housing industry, has pleaded for a certain settlement of this question. They wanted to know whether and for how long there would be an extension. And it was important that they know—and know now.

The veteran having these rights wants to know whether he must decide to buy a house or a farm or go into business in the next 6 or 7 months, or whether he has adequate time to make these decisions.

The housing industry wants to know whether it will be faced with a disruptive rush within the next 7 months to purchase homes by GI's taking advantage of their expiring rights, or whether the demand for new housing by veterans will be spread over the course of the next few years.

The Veterans' Administration itself has advised that if "an extension of the terminal date of the program is desirable it would seem preferable to authorize it early so that the veteran public could be made aware that no rush would be

necessary to avoid losing the opportunity afforded by the GI loan benefits."

As chairman of the Veterans' Affairs Subcommittee of the Committee on Labor and Public Welfare, one aspect of this matter has been of the greatest concern to me. I have been afraid that in the final rush for adjournment, this measure, so important not alone to so many millions of our veterans, but to the ailing housing industry itself, might get sidetracked and not enacted. A wild rush in the next 7 months to purchase homes to avoid losing GI loan rights could have a disastrous effect upon the housing industry, not to mention the effects upon the individual veterans who might be tempted to purchase houses before they were financially ready to assume the obligations which such purchasing entailed.

The proposed amendment is one which, in my opinion, should have the wholehearted support of every Member in the Congress.

It would be hard to visualize any single program which has resulted in more and varied benefits to our American citizenry. Nearly 4½ million veterans and their families have acquired a home of their own with the assistance of a GI loan. No one will dispute the fact that home ownership is a bulwark in the maintaining of the type of living that we strive for in America. While much has been accomplished by way of improving the living conditions of Americans, there still is a tremendous job ahead. We can ill afford to allow the GI loan program, which in the past year accounted for 30 percent of all single family residential units, to come to an abrupt termination.

Aside from the legitimate needs of the individual veterans and the desirability of continuing the program from the standpoint of a benefit to the veterans, we must not lose sight of the fact that this program is playing an extremely important role as a support factor in our national economy. With the sharp curtailment in the manufacture of automobiles, farming equipment and various other industries, it would be foolhardy to allow one of the main props to be knocked out from under the residential construction industry. The first 4 months of this year is witnessing a substantial decline in the number of housing starts. The optimistic words of administration spokesmen on this subject early this year obviously were without foundation in fact. It is now fairly clear that housing starts for 1956 will be between 15 percent and 20 percent lower than starts in 1955. Can we afford a further substantial drop in 1957?

The only thing which a termination of the GI loan program will do will be to retard the efforts which we have made in striving to house the American people. As an unhappy byproduct, it will also place a strain on other segments of our economy due to the need of finding some means for taking up the slack caused by the curtailment in the construction industry.

I hope that the pending amendment will be approved.



## EXHIBIT 1

DRAFT REPORT ON GI HOME LOAN PROGRAM—  
SUBCOMMITTEE ON VETERANS' AFFAIRS, COM-  
MITTEE ON LABOR AND PUBLIC WELFARE  
INTRODUCTION

The current GI loan program for World War II veterans is scheduled to terminate on July 25, 1957.

The Servicemen's Readjustment Act as originally enacted (Public Law 346, 78th Cong., approved June 22, 1944) provided that application for loan guaranty benefits be made within 2 years after separation from service or 2 years after termination of the war, whichever is later, but in no event more than 5 years after termination of the war.

Public Law 268, 79th Congress, approved December 28, 1945, extended the period of eligibility for loan benefits to 10 years after the termination of the war.

Public Law 239, 80th Congress, approved July 25, 1947, fixed the termination of World War II for the purpose of title III of the Servicemen's Readjustment Act as July 25, 1947.

The GI loan program is a plan to encourage private lenders to make loans on favorable terms to veterans, generally for the purchase, construction, repair, alteration, or improvement of homes, farms, or businesses. The encouragement extended is the guaranty of part of the veteran's debt by the Veterans' Administration, so that in the case of defaults and foreclosures, the exposure of the lender is minimized.

The benefit to the veteran comes in the form of a loan with a relatively low interest rate (currently  $4\frac{1}{2}$  percent), a longer maturity period (currently up to 30 years), and a small initial downpayment (currently as little as .2 percent). Private lenders would not, and most investors could not, make loans on such favorable terms without a Government guaranty. The guaranty places GI loans in a preferred investment category. In diversified investment portfolios, the GI loan takes a place alongside other Government obligations, and provides a return of at least  $4\frac{1}{2}$  percent less the costs of servicing.

Since the inception of the loan guaranty program as part of the original GI bill in 1944, the great bulk of its activities have been concerned with home loans. Consequently, this report is devoted to the operation, administration, and outlook for the GI home loan. The farm loan and business loan programs have served nearly 300,000 veterans with almost \$900 million of advantageous financing. In comparison, however, through April 1956 over 4,700,000 veterans have obtained over \$36 billion of home financing.

## HOW THE PROGRAM OPERATES

The major steps in the operation of the GI home loan program may be described as follows, in the case of new or proposed construction:

1. A builder or sponsor submits his plans for the development of a tract or subdivision, together with his engineering reports, to the appropriate field office of the Veterans' Administration.

2. After his land development plans are approved, he may then submit his construction plans and specifications for the houses he proposes to build, and request the VA to make an appraisal of reasonable value.

3. Upon completion of the appraisal, the VA issues a master certificate of reasonable value covering the units proposed in the tract. This certificate is subject to the requirement that actual construction must conform to the approved plans and specifications as determined by a compliance inspection made at various stages during construction. Master certificates of reasonable value usually have a validity period of 8 months. They may be extended if

market conditions warrant. As a condition to the issuance of a certificate of reasonable value, the VA will determine that the proposed plans and specifications conform to the minimum property requirement prescribed by VA for houses of the particular design and location.

The requirements employed by the VA correspond with those required and used by the FHA for similar purposes. The VA accepts the land planning and compliance inspection findings of the FHA as though they had been made by VA. The legislative provisions requiring the observance of minimum property requirements necessitate the subsection of each unit to compliance inspections during the course of construction. Otherwise the unit is ineligible for VA financing for 1 year following completion.

4. Houses in the tract may be sold to veterans during the course of construction on the basis of the blueprints or a model house, or after completion of the new dwellings. In some cases, builders arrange sources of permanent GI loan financing in advance of construction, and in other cases the buyer may be expected to find a mortgage lender himself. In either case, when a lender is found who will make a GI loan, the lender proceeds to arrange for the loan closing. These lenders who are subject to supervision by an agency or department of a State or the Federal Government may close a GI loan without obtaining prior approval of the Veterans' Administration. Lenders who are not subject to supervision must obtain VA's prior approval before closing GI loans.

5. In preparing a loan for closing, attention must be given to evidence of the veteran's eligibility by virtue of qualifying military service, eligibility of the purpose of the loan, evidence of satisfactory completion of the house, adequacy of the veteran's income and credit status, intention on the part of the veteran that he occupy the property as his home, and a verification that the purchase price does not exceed VA's finding of reasonable value. In addition, the customary title search must be made, in addition to other technical arrangements necessary to complete the settlement.

6. After closing the loan and conveying the title to the veteran, the lender reports the facts of the case to the VA, together with necessary supporting documents. If the file is in order and all requirements of eligibility have been met, the VA will issue a loan-guaranty certificate to the lender. Under the law, except in cases of fraud or material misrepresentation, this guaranty is incontestable by VA.

Where the veteran is buying an existing house that has been previously occupied, rather than a new or proposed house, VA plays a lesser role. Usually the first step is that of arranging for an appraisal, which may be requested of VA by the lender, the seller (or his broker), or the veteran. If the VA appraisal shows that the reasonable value is not less than the proposed purchase price, and the house meets the applicable minimum property requirements for existing construction, the lender to whom the veteran has applied for his loan may arrange for settlement. Non-supervised lenders, as explained above, must have the prior approval of VA before closing. The steps leading to the guaranty of the loan are the same as in the case of newly completed houses.

## DIRECT-LOAN PROGRAM

In rural and remote areas where institutional mortgage lenders infrequently operate, veterans have had great difficulty in arranging GI loans. Recognizing this financial void, the Congress has authorized the VA to make direct loans for the purchase or construction (including alternations or repairs) of a home or a farm with a farmhouse where private capital was not avail-

able. In such cases, veterans may apply directly to the Veterans' Administration for financing assistance.

Since the Voluntary Home Mortgage Credit program was established, pursuant to the Housing Act of 1954 (Public Law 560, 83d Cong.), to increase the mobility of funds flowing into remote areas, the Veterans' Administration has been referring all veterans seeking direct loans to the appropriate regional committees of that program. If no lender can be found within 20 working days, the veteran may then take steps to arrange a direct loan with the Veterans' Administration. The various eligibility requirements are the same for veterans who buy or build with the aid of a VA direct loan as for those who employ guaranteed loans from private lenders; the only difference being that the Veterans' Administration becomes the lender instead of the guarantor.

## PAYMENT OF CLAIMS

In order to protect the interests of both the Government and the veteran, regulations have been established to govern the manner in which settlement will be made with lenders who file claims under their guaranty contract following insoluble defaults by mortgagors. An example of how the guaranty contract operates in a typical case will best serve to explain the method of security liquidation.

Assume that a \$10,000 loan was guaranteed by the VA to the extent of 60 percent or \$6,000. At the time the holder determines that the default is incurable and that a claim for the guaranty should be filed the loan balance is \$9,800. The VA would pay a guaranty claim of \$5,880 (60 percent of the loan balance). After receiving the guaranty payment the balance of the indebtedness due the holder would be \$3,920 and so long as the value of the property does not decline below this figure plus foreclosure expenses, the holder will not suffer a loss. For purposes of illustration, let us assume further that the foreclosure expenses plus interest to the date of the foreclosure sale would amount to \$380 so that the holder would have a total remaining investment of \$4,300.

In advance of the foreclosure sale the VA has an appraisal of the property made to determine its current value. On the basis of such appraisal VA specifies the amount which the holder must allow in its final accounting relating to the sale of the property. In the example at hand assume that the VA determines the value of the property is \$9,500, and that this figure is specified as the amount for which the holder will be required to account. If the holder acquires the property by bidding no more than \$9,500 it may elect to convey the property to VA, and in return it will be paid the balance of the indebtedness due it (\$4,300) plus conveying expenses. Alternately, it may elect to retain the property and refund to VA the difference between the amount due the holder (\$4,300) and the specified amount (\$9,500) or \$5,200. Since VA paid a guaranty claim of \$5,880, its net loss would be \$680 if the holder retained the property and a similar amount if it were conveyed to VA and resold for the net amount specified. This loss would represent an indebtedness due the Government by the veteran. In the illustrative case the veteran's indebtedness would be \$680.

In the majority of cases, lenders elect to convey security property to the VA, which in turn places them on the market for sale at current price levels. In localities where private real-estate brokers are available, the VA lists its acquired properties with them, and pays the customary sales commission. It is generally VA policy to sell such houses in an "as is" condition, and it is often found expedient to hold them vacant for sale in order to facilitate liquidation.



Since the veteran is credited with the current fair value of the property on the books of the lender at the time of foreclosures, any subsequent profits or losses experienced by the VA in its property management activities are not reflected back on its account with the veteran, who generally remains liable to the Government for the net cost of settlement with the lender under the guaranty contract.

#### THE RECORD OF THE GI LOAN PROGRAM TO DATE

During the period of almost 12 years that GI home loans have been authorized, more than 4,700,000 veterans have obtained approximately \$36 billion of such loans from private lenders. In addition more than 75,000 veterans have obtained over \$540 million of direct loans from the Veterans' Administration.

The availability of adequate supplies of funds for GI loans in 1954 and 1955 made it possible for an average of nearly 50,000 veterans per month to make application for the purchase of homes with VA assisted financing. This was the longest sustained period of high level activity in the history of the program. During 1955, nearly 3 out of every 10 new houses started were inspected by VA compliance inspectors. GI loans financed the purchase of about 25 percent of the houses completed. This record is evidence of the vigor of the veterans housing demand and of the attractiveness to lenders of investing in GI loans in substantial amounts.

The repayment record on these loans has been excellent. More than 850,000 home loans have been reported to VA as paid in full. Delayed reporting of others may bring the current total to 900,000 or more. The initial principal amount of the 850,000 paid in full loans was about \$4.9 billion. The guaranteed home loans on which VA has been asked to pay a claim as a result of insoluble defaults have been less than 26,000 in number, or about one-half of 1 percent; the net amount of those claims was less than \$20 million, or about six one-hundredths of 1 percent of the amount originally loaned.

The direct loans have made as good a record, although on the average, they are less seasoned, since direct loans were not authorized until 6 years after the guaranteed loan program was approved. Thus far, about 7,000 direct loans originally amounting to more than \$50 million have been sold to private investors with a VA guaranty, and about 2,100 loans originally amounting to over \$17 million have been paid in full. The Veterans' Administration has been required to liquidate the security in only about 250 cases, and the loss or deficiency has amounted to \$73,000, or less than two one-hundredths of 1 percent of the total amount loaned to date.

The loan guaranty affairs of the Veterans' Administration are administered by the Department of Veterans Benefits, and guaranty operations are conducted in each of 67 regional offices, with one or more located in each State, plus the Territories of Hawaii, Puerto Rico, and Alaska. Alaska loan guaranty matters consist of about 70 people in the central office and about 3,350 in the regional offices.

The administrative costs of the loan guaranty program have been small when considered in relation to the large number and amount of loans guaranteed. Since the inception of the program, VA has disbursed about \$120 million for salaries and administrative expenses, which include travel costs and appraisals and credit reports ordered by the VA. However, this figure does not

include a pro rata share of general overhead costs, such as office space, supplies, communications, etc., which are paid by the agency for all of its programs.

While it is impractical to prorate the total administrative expenditures among the many types of activities performed in connection with the loan guaranty program, the average cost per loan processed and serviced by VA to date would be about \$25, or 33 cents for every hundred dollars loaned.

#### EFFECTS OF THE GI LOAN PROGRAM

Since the termination of World War II hostilities, the loan guaranty program has provided a substantial measure of support to the general economy of the Nation. Because institutional mortgage lenders have found the GI loan to be a desirable investment medium, veterans have been enabled to buy more than \$20 billion of new houses. A substantial but undeterminable number of these new home purchases could not have been made without the aid of a GI loan, and a corresponding number of houses would not have been built if veterans had not had the benefit of GI loans.

In recent years particularly, the high level of general economic activity throughout the Nation has been vigorously supported by new home construction, which in turn has depended substantially on the effective demand of veterans using GI loans. For example, in 1955 more than \$4½ billion was spent by veterans on new houses purchased with VA-guaranteed loans. This money has in turn been paid by builders to building craftsmen, distributors of building materials and to others, and by them into the diffused general economic stream. Related purchases by the new homeowners of furniture, equipment, and similar items have given additional support to industry, and are indirectly attributable to the GI mortgage financing which started the cycle in motion.

One of the more important and far-reaching problems has been that of controlling the impact of the program on the money markets, the local housing markets and on the overall supply of labor and materials at times of relative scarcity or when the national interest requires a change of pace to avoid inflationary consequences. During the period of hostilities in Korea it was necessary to impose credit controls on many aspects of the economy to avoid diversions of money and materials that would impair the defense effort. These controls extended to the GI loan program, and were adjusted on occasions to meet varying conditions. In mid-1955, the administration imposed credit restraints. These controls required an initial downpayment of at least 2 percent and the limitation of loan maturities to 25 years. The restriction on loan maturities was lifted on January 20, 1956.

#### OUTLOOK FOR VETERANS HOME LOANS

About 10 million World War II veterans have not thus far used their loan guaranty entitlement. An estimated 800,000 to 1 million veterans may yet seek to do so before their eligibility expires under the present law, on July 25, 1957.

This number measured against the remaining period of eligibility would mean that GI home loans may have to be approved at a rate in excess of any previous peak rate. Last minute efforts of many veterans who have heretofore postponed the purchase of a home may lead to serious administrative difficulties. Some builders and sellers of houses are calling attention to the termination date in their advertising, and an excessive demand from veteran purchasers could

develop during the year preceding July 25, 1957.

If it develops, a high rate of demand for GI loans during the ensuing year may place a strain on both the supply of new houses available for sale to veterans and on the amount of money channeled for investment in VA-guaranteed loans. The impetus of the extra demand coming from last-minute veterans may have some inflationary influences, either in the price of housing or in the scale of discounts required on GI loans, or both.

The excellent repayment record that veterans have established on the GI loans made to date will undoubtedly continue as long as generally favorable economic conditions prevail. Eventually millions of veterans should be able to enjoy the benefits of debt-free home ownership for their homes and their families, and the general economy of the Nation would be on a higher plateau both because of their relatively higher standard of living and the extra impetus given to industrial production and capital accumulation by their home purchases.

#### LEGISLATIVE APPENDIX

##### A. Enacted legislation concerned with period of GI loan eligibility

1. Public Law 346, 78th Congress, section 500 (a), second sentence:

"Any such veteran may apply within 2 years after separation from the military or naval forces, or 2 years after the termination of the war, whichever is the later date, but in no event more than 5 years after the termination of the war."

2. Public Law 268, 79th Congress, amended Public Law 346, 78th Congress, section 500 (a), second sentence, to read:

"Any loan made by such veteran within 10 years after the termination of the war for any of the purposes, and in compliance with the provisions specified by this title."

3. Public Law 239, 80th Congress, section 3: "In the interpretation of the following statutory provisions the date when this joint resolution becomes effective shall be deemed to be the date of the termination of any state of war heretofore declared by the Congress and of the national emergencies proclaimed by the President on September 8, 1939, and on May 27, 1941 \* \* \* section 500 (a) and 507 of the act of June 22, 1944 (58 Stat. 291, ch. 268), as amended."

##### B. Proposed legislation concerned with GI loan extension

1. To extend World War II loan guaranty entitlement for 3 additional years: S. 302, SPARKMAN; H. R. 10178, REUSS; S. 3602, MCCARTHY; S. 3639, WILEY.

2. To extend loan guaranty and direct loan programs 5 additional years: S. 740, JOHNSTON; H. R. 5477, HOLIFIELD; H. R. 11000, ROGERS.

3. To extend World War II loan guaranty program 1 additional month for each 2 months of active service (up to 3 years). Veterans discharged for disability given 3 additional years: H. R. 10469, FASCELL.

4. To extend World War II loan guaranty program 1 additional month for each month of active service (up to 4 years). Veterans discharged for disability given 4 additional years: H. R. 10530, RAINS; H. R. 10531, O'HARA of Illinois; H. R. 10532, ADDONIZIO; H. R. 10533, BARRETT; H. R. 10534, ASHLEY; H. R. 10884, MURRAY of Illinois.

5. To provide 1 additional year for guaranteeing loans in process on July 25, 1957: H. R. 9260 (as amended on floor prior to passage by House, April 23, 1956).



TABLE 1.—Closed loans guaranteed or insured (cumulative through Mar. 25, 1956)

Location	All loans		Home loans		Farm loans		Business loans	
	Number	Principal amount	Number	Principal amount	Number	Principal amount	Number	Principal amount
Total.....	4,688,321	\$35,413,359,430	4,394,171	\$34,527,208,507	69,242	\$272,397,857	224,908	\$613,753,066
Alabama: Montgomery.....	58,117	413,855,731	54,177	403,053,391	2,862	6,844,458	1,078	3,957,882
Alaska: Juneau.....	375	2,311,095	284	1,930,657			91	380,438
Arizona: Phoenix.....	21,713	149,759,454	20,140	145,199,961	281	977,581	1,292	3,581,912
Arkansas: Little Rock.....	26,294	132,237,655	22,817	123,343,770	-1,657	3,905,432	1,820	4,988,453
California:								
Los Angeles.....	328,667	2,964,431,889	322,289	2,941,823,000	152	1,087,670	6,226	21,521,219
San Diego.....	27,024	242,248,744	26,410	240,437,578	8	60,925	606	1,750,241
San Francisco.....	236,241	1,934,126,333	227,944	1,902,481,344	1,083	7,076,948	7,214	24,568,041
Colorado: Denver.....	55,044	426,635,214	48,685	402,789,010	4,131	17,073,531	2,228	6,772,673
Connecticut: Hartford.....	67,734	580,343,101	64,197	571,432,094	41	349,204	3,496	8,561,803
Delaware: Wilmington.....	19,083	176,319,676	18,773	174,842,890	142	810,628	168	666,153
District of Columbia: Washington <sup>1</sup> .....	72,779	777,175,694	70,566	771,775,164	5	36,000	2,208	5,364,530
Florida:								
Miami.....	48,958	402,221,690	48,586	400,883,523	7	60,115	365	1,278,052
Pass-a-Grille.....	59,236	442,742,470	58,266	439,225,396	54	167,210	916	3,349,864
Georgia: Atlanta.....	86,979	658,535,747	82,383	643,985,880	2,431	7,231,266	2,165	7,318,601
Hawaii: Honolulu.....	5,860	56,540,928	5,683	56,039,589	1	3,900	176	497,439
Idaho: Boise.....	13,006	80,964,217	12,032	77,188,416	504	2,001,707	470	1,774,094
Illinois: Chicago.....	173,573	1,318,477,056	165,344	1,293,260,545	1,904	7,330,081	6,325	17,886,430
Indiana: Indianapolis.....	91,526	545,375,882	86,710	528,167,631	2,259	9,602,559	2,557	7,605,692
Iowa: Des Moines.....	63,145	393,707,782	54,141	362,823,580	5,410	19,245,808	3,594	11,638,394
Kansas: Wichita.....	47,360	298,283,174	43,388	285,590,421	1,559	5,850,129	2,413	6,842,624
Kentucky: Louisville.....	39,137	265,175,632	35,482	249,917,634	1,974	9,828,111	1,681	5,429,887
Louisiana:								
New Orleans.....	38,168	301,483,427	37,211	298,964,126	143	373,889	814	2,145,412
Shreveport.....	17,490	125,445,459	16,761	123,320,457	438	1,088,221	291	1,036,781
Maine: Togus.....	20,535	98,332,356	18,335	91,808,939	450	1,601,486	1,750	4,921,931
Maryland: Baltimore.....	74,536	555,749,174	72,568	549,858,100	248	1,499,861	1,720	4,391,213
Massachusetts: Boston.....	217,809	1,725,298,786	210,022	1,702,438,611	169	1,158,399	7,618	21,701,776
Michigan: Detroit.....	181,855	1,425,005,739	176,745	1,408,386,962	976	4,054,301	4,134	12,564,476
Minnesota: St. Paul.....	95,905	748,367,611	86,581	718,782,780	3,398	13,402,241	5,926	16,182,590
Mississippi: Jackson.....	28,461	179,793,673	25,461	170,798,652	2,498	7,181,452	502	1,813,569
Missouri:								
Kansas City.....	63,095	439,827,204	56,728	418,033,224	3,272	13,489,038	3,095	8,304,942
St. Louis.....	46,716	368,460,743	42,562	355,884,832	1,720	6,182,630	2,434	6,393,281
Montana: Fort Harrison.....	10,434	71,400,785	8,935	66,214,967	488	1,747,955	1,011	3,437,863
Nebraska: Lincoln.....	24,810	151,197,444	21,928	142,769,024	1,603	4,546,127	1,279	3,882,293
Nevada: Reno.....	3,045	20,312,850	2,793	19,343,450	74	313,189	178	656,211
New Hampshire: Manchester.....	25,969	144,073,164	23,844	135,747,207	285	1,487,216	1,840	6,838,741
New Jersey: Newark.....	235,487	1,939,225,029	213,985	1,894,858,115	108	762,075	21,394	43,604,839
New Mexico: Albuquerque.....	23,146	163,178,319	22,105	159,312,551	356	1,300,226	685	2,565,542
New York:								
Albany.....	46,407	308,385,078	42,251	294,158,384	832	4,049,348	3,324	10,177,346
Buffalo.....	95,166	754,276,835	92,264	741,931,670	765	3,558,566	2,137	8,786,599
New York.....	334,122	2,582,261,180	261,877	2,420,509,504	66	468,354	72,179	161,283,322
Syracuse.....	60,641	429,343,283	55,942	412,736,248	1,255	5,733,911	3,444	10,873,124
North Carolina: Winston-Salem.....	54,690	358,871,855	53,162	352,601,914	482	2,363,994	1,046	3,905,947
North Dakota:								
Fargo.....	10,850	58,040,198	7,232	47,469,952	2,192	6,164,126	1,426	4,406,120
Ohio:								
Cincinnati.....	85,190	653,576,045	82,364	641,244,413	1,470	7,450,696	1,356	4,880,936
Cleveland.....	139,576	1,091,021,790	137,326	1,081,053,791	769	4,648,685	1,481	5,314,314
Oklahoma:								
Muskogee.....	28,542	171,415,331	26,923	166,883,181	994	2,520,938	625	2,011,212
Oklahoma City.....	59,802	400,672,426	57,992	393,623,522	918	3,857,475	892	3,191,429
Oregon: Portland.....	30,694	209,251,972	26,517	195,951,370	742	3,058,084	3,435	10,242,518
Pennsylvania:								
Philadelphia.....	169,070	1,227,743,450	166,837	1,221,102,313	121	780,178	2,112	5,860,959
Pittsburgh.....	115,022	782,867,074	108,739	763,013,698	1,086	5,355,540	5,197	14,497,836
Wilkes-Barre.....	67,099	386,613,987	62,570	367,465,269	1,407	7,098,080	3,122	12,050,638
Puerto Rico: San Juan.....	4,245	4,168,393	3,935	3,294,880	2	4,300	308	869,213
Rhode Island: Providence.....	32,993	235,792,850	31,929	231,916,715	5	33,250	1,059	3,842,885
South Carolina: Columbia.....	34,535	230,605,837	32,877	225,317,059	495	1,495,201	1,163	3,793,577
South Dakota: Sioux Falls.....	11,057	57,872,887	7,736	48,746,430	1,985	5,034,249	1,336	4,092,208
Tennessee: Nashville.....	79,129	533,917,046	77,213	525,823,930	1,067	5,087,112	849	3,006,025
Texas:								
Dallas.....	73,035	484,729,818	69,252	472,319,443	1,506	5,542,460	2,277	6,867,915
Houston.....	83,424	662,739,641	82,418	659,089,879	333	1,164,531	673	2,485,231
Lubbock.....	45,765	347,007,528	44,144	340,568,746	918	4,028,146	703	2,410,636
San Antonio.....	51,683	414,773,297	50,473	409,783,665	393	1,543,152	817	3,446,480
Waco.....	22,641	160,146,519	20,652	150,827,686	1,323	6,635,515	666	2,683,318
Utah: Salt Lake City.....	20,713	149,516,414	19,797	146,510,309	190	773,251	726	2,232,854
Vermont: White River Junction.....	12,689	66,839,975	11,251	60,944,171	734	3,276,558	704	2,619,216
Virginia: Roanoke.....	63,143	453,809,458	60,757	444,671,553	818	3,913,736	1,568	5,224,169
Washington: Seattle.....	103,453	717,441,413	99,246	704,756,050	428	2,455,843	3,779	10,229,520
West Virginia: Huntington.....	20,450	120,283,319	19,413	116,502,723	411	1,438,162	626	2,342,434
Wisconsin: Milwaukee.....	75,307	579,285,497	68,844	554,201,821	2,690	12,395,914	3,773	12,687,762
Wyoming: Cheyenne.....	7,876	61,468,107	7,377	59,469,768	154	736,933	345	1,261,406

<sup>1</sup> Reported by veterans' benefits office.



TABLE 2.—Direct loan program (as of Mar. 25, 1956)

Location	Loans closed and fully disbursed by VA		Terminated loans				Loans out-standing	Loans in default			Applica-tions in process funds re-served	Applica-tions awaiting VHMCI <sup>1</sup> or VA process-ing <sup>1</sup>	Loans com-mitted under VHMCI <sup>1</sup>
	Number	Average amount	Sold		Repaid in full	Fore-closed or vol-untarily con-veyed		Total	4 or more installments				
			Number	Percent of fully disbursed loans					Number	Percent of out-standing loans			
Total.....	74,876	\$7,173	6,993	9.3	2,584	232	65,067	3,295	653	1.0	3,968	444	4,575
Alabama: Montgomery.....	2,589	7,683	10	.4	59	8	2,512	119	5	.2	137	3	131
Alaska: Juneau.....	591	8,866	0		25	4	562	0	0		47	0	0
Arizona: Phoenix.....	521	7,198	3	.6	10	0	508	26	10	2.0	17	7	14
Arkansas: Little Rock.....	1,965	6,871	168	8.5	36	0	1,761	85	6	.3	71	14	92
California:													
Los Angeles.....	395	8,481	11	2.8	6	0	378	32	3	.8	15	14	10
San Diego.....	289	8,551	20	6.9	11	3	255	6	0		0	0	0
San Francisco.....	993	9,043	0		42	0	951	91	30	3.2	27	0	39
Colorado: Denver.....	1,021	7,353	22	2.2	40	7	952	43	3	.3	66	7	111
Connecticut: Hartford <sup>1</sup> .....													
Delaware: Wilmington <sup>2</sup> .....													
District of Columbia: Washington <sup>2</sup> .....													
Florida:													
Miami.....	257	9,123	24	9.3	7	1	225	5	0		8	2	9
Pass-A-Grillo.....	1,020	7,992	59	5.8	28	2	931	18	4	.4	64	11	28
Georgia: Atlanta.....	2,660	7,049	105	3.9	91	5	2,459	191	21	.9	294	6	177
Hawaii: Honolulu <sup>2</sup> .....													
Idaho: Boise.....	782	7,492	337	43.1	15	0	430	30	5	1.2	18	13	104
Illinois: Chicago.....	2,738	6,909	453	16.5	76	12	2,197	122	20	.9	273	0	325
Indiana: Indianapolis.....	2,591	6,236	349	13.5	104	9	2,129	110	15	.7	58	16	89
Iowa: Des Moines.....	1,755	6,505	529	30.1	93	1	1,132	46	5	.4	55	0	143
Kansas: Wichita.....	821	7,027	292	35.6	13	3	513	25	5	1.0	4	2	91
Kentucky: Louisville.....	4,047	6,542	16	.4	217	20	3,794	119	15	.4	176	13	309
Louisiana:													
New Orleans.....	1,364	7,768	21	1.5	51	4	1,288	23	4	.3	79	11	39
Shreveport.....	976	7,319	0		47	6	923	40	7	.8	46	21	63
Maine: Togus.....	832	5,561	338	40.6	31	9	454	6	0		20	5	105
Maryland: Baltimore.....	853	7,823	40	4.7	41	3	769	66	14	1.8	17	0	61
Massachusetts: Boston <sup>2</sup> .....													
Michigan: Detroit.....	2,374	7,414	88	3.7	58	4	2,224	196	24	1.1	107	17	195
Minnesota: St. Paul.....	1,839	6,952	103	5.6	71	9	1,656	61	4	.2	129	22	62
Mississippi: Jackson.....	2,629	7,677	69	2.6	72	7	2,481	147	35	1.4	163	43	121
Missouri:													
Kansas City.....	1,268	7,084	6	.5	57	2	1,203	14	1	.1	136	9	139
St. Louis.....	1,515	6,894	22	1.5	62	2	1,429	39	6	.4	104	4	157
Montana: Fort Harrison.....	1,256	7,249	131	10.4	78	2	1,045	34	10	1.0	62	0	45
Nebraska: Lincoln.....	867	6,882	22	2.5	74	0	771	3	0		23	2	62
Nevada: Reno.....	378	8,564	0		18	0	360	29	5	1.4	14	1	2
New Hampshire: Manchester <sup>2</sup> .....													
New Jersey: Newark <sup>2</sup> .....													
New Mexico: Albuquerque.....	846	7,862	20	2.4	12	0	814	19	1	.1	40	18	61
New York:													
Albany.....	304	6,811	97	31.9	12	0	195	33	12	6.2	6	2	60
Buffalo.....	201	6,183	145	72.1	1	2	53	6	0		3	0	14
New York <sup>2</sup> .....													
Syracuse.....	138	6,345	110	79.7	2	0	26	9	4	15.4	2	0	2
North Carolina: Winston-Salem.....	3,900	7,678	216	5.5	70	8	3,606	153	27	.7	227	5	316
North Dakota: Fargo.....	978	6,014	129	13.2	43	3	803	38	6	.7	57	15	19
Ohio:													
Cincinnati.....	1,954	6,714	80	4.1	57	1	1,816	49	3	.2	68	1	71
Cleveland.....	1,608	7,463	91	5.7	72	4	1,441	81	24	1.7	47	17	139
Oklahoma:													
Muskogee.....	648	6,578	0		26	0	622	13	4	.6	37	5	52
Oklahoma City.....	597	7,186	57	9.5	11	0	529	26	16	3.0	43	0	64
Oregon: Portland.....	634	7,426	104	16.4	15	3	512	27	5	1.0	23	2	54
Pennsylvania:													
Philadelphia <sup>2</sup> .....													
Pittsburgh.....	1,617	7,239	266	16.5	56	8	1,287	61	17	1.3	103	0	97
Wilkes-Barre.....	1,484	6,576	170	11.5	100	7	1,207	76	22	1.8	2	0	64
Puerto Rico: San Juan.....	740	8,417	0		10	0	730	124	4	.5	183	2	29
Rhode Island: Providence <sup>2</sup> .....													
South Carolina: Columbia.....	1,684	7,631	84	5.0	31	1	1,568	126	24	1.5	110	25	103
South Dakota: Sioux Falls.....	1,151	6,712	88	7.6	87	0	976	35	9	.9	60	18	50
Tennessee: Nashville.....	2,279	6,807	44	1.9	61	22	2,152	87	15	.7	150	0	47
Texas:													
Dallas.....	910	7,348	42	4.6	11	0	857	10	0		22	0	42
Houston.....	683	7,579	110	16.1	20	6	547	22	4	.7	24	0	26
Lubbock.....	830	7,218	0		23	4	803	25	3	.4	37	9	29
San Antonio.....	323	7,590	112	34.7	5	1	205	15	5	2.4	3	2	11
Waco.....	860	6,893	17	2.0	25	0	818	4	0		35	3	45
Utah: Salt Lake City.....	626	7,836	18	2.9	14	0	594	46	11	1.9	102	34	46
Vermont: White River Junction.....	254	5,419	239	94.1	4	0	11	1	1	9.1	0	0	3
Virginia: Roanoke.....	3,169	7,345	49	1.5	128	12	2,980	86	19	.6	182	9	98
Washington: Seattle.....	606	7,543	23	3.8	16	5	562	97	18	3.2	27	0	104
West Virginia: Huntington.....	2,456	6,673	1	0	75	7	2,373	265	137	5.8	77	0	131
Wisconsin: Milwaukee.....	1,828	6,839	1,365	74.7	58	15	390	32	4	1.0	61	34	53
Wyoming: Cheyenne.....	382	8,263	78	20.4	6	0	298	13	1	.3	7	0	31

<sup>1</sup> Direct loan applications received between February and September 1955 were referred to regional committees of the voluntary home mortgage credit program for placement with private lenders before being processed as direct loans. A total of

14,393 such applications were referred to VHMCP and 4,575 loans placed as a result of such referrals.

<sup>2</sup> No portion of region eligible for direct loans.



TABLE 3.—Number and amount of GI loans guaranteed or insured by the VA

During fiscal year—	Number of loans				Principal amount of loans (millions of dollars)			
	All types	Home loans	Farm loans	Business loans	All types	Home loans	Farm loans	Business loans
Cumulative total, March 1956	4,688,320	4,394,170	69,240	224,910	35,413	34,527	272	614
1944-46	183,250	161,405	6,295	15,550	846	782	19	45
1947	640,300	562,985	24,690	52,625	3,612	3,346	98	168
1948	520,095	479,335	14,475	26,285	2,962	2,817	59	86
1949	279,230	260,389	6,060	12,790	1,353	1,293	22	38
1950	397,785	380,360	4,975	12,450	2,163	2,113	18	32
1951	538,670	516,940	4,405	17,325	3,693	3,634	19	40
1952	423,940	367,650	2,545	53,745	3,315	3,200	10	105
1953	316,680	300,435	1,565	14,680	2,780	2,735	7	38
1954	332,570	322,155	1,320	9,095	3,224	3,193	5	26
1955	571,150	562,890	1,790	6,470	6,053	6,023	9	21
1956 (9 months)	484,650	479,635	1,120	3,895	5,412	5,391	6	15

TABLE 4.—Monthly trends in total applications received and loans closed under the VA loan guaranty program

	Total number of applications	Total loans closed				Total number of applications	Total loans closed		
		Number	Principal amount	Amount of guaranty or insurance			Number	Principal amount	Amount of guaranty or insurance
1947, total	619,317	600,857	\$3,489,691,267	\$1,642,892,740	1951—Continued				
Jan. 25	49,654	53,424	307,624,140	144,562,873	July 25	37,573	42,772	\$328,242,204	\$189,652,279
Feb. 25	48,308	50,477	291,936,273	138,626,029	Aug. 25	34,303	41,243	324,238,362	188,068,009
Mar. 25	47,036	45,003	257,649,734	119,183,777	Sept. 25	32,835	35,441	279,167,315	160,824,796
Apr. 25	57,977	57,041	323,220,290	152,062,639	Oct. 25	32,284	38,190	304,911,607	175,481,273
May 25	51,476	47,473	270,167,795	127,019,890	Nov. 25	30,408	41,931	322,929,389	182,576,067
June 25	57,695	52,667	311,361,431	146,793,516	Dec. 25	34,602	38,564	284,672,746	159,708,489
July 25	52,899	49,271	293,466,880	139,801,709	1952, total	340,599	339,409	2,793,972,409	1,603,004,573
Aug. 25	52,539	47,546	277,948,790	130,925,806	Jan. 25	30,906	40,182	313,029,569	178,806,140
Sept. 25	56,949	51,607	306,632,798	144,057,510	Feb. 25	28,168	32,454	252,689,525	143,905,043
Oct. 25	52,539	49,249	292,612,635	135,667,057	Mar. 25	27,600	31,355	245,442,612	139,653,634
Nov. 25	50,444	49,964	287,579,519	137,659,693	Apr. 25	29,410	31,361	252,095,762	142,469,216
Dec. 25	41,801	47,135	269,490,982	126,532,241	May 25	24,814	25,918	208,984,547	119,697,691
1948, total	357,589	378,290	1,982,766,185	967,823,089	June 25	26,303	24,863	201,535,820	115,193,774
Jan. 25	35,816	45,702	267,093,852	126,320,484	July 25	24,785	22,892	192,632,711	111,270,745
Feb. 25	35,969	43,014	246,458,277	117,014,438	Aug. 25	27,270	24,601	207,230,283	119,447,610
Mar. 25	33,439	38,645	214,678,089	102,808,771	Sept. 25	29,803	25,641	220,943,703	127,802,301
Apr. 25	31,904	32,890	178,984,798	85,051,935	Oct. 25	30,777	25,949	223,004,036	129,001,298
May 25	34,108	33,360	171,025,219	83,563,900	Nov. 25	32,214	28,132	246,252,425	142,313,966
June 25	32,418	32,237	160,426,973	81,324,046	Dec. 25	28,549	26,061	230,131,416	133,443,155
July 25	26,798	26,469	137,170,761	67,046,643	1953, total	336,139	336,100	3,103,520,302	1,791,085,159
Aug. 25	29,564	28,388	143,218,694	69,996,602	January	25,387	28,126	247,002,946	142,642,701
Sept. 25	25,739	25,149	124,387,406	62,298,102	February	28,466	31,651	278,380,436	161,004,187
Oct. 25	24,864	24,022	114,909,632	57,694,876	March	26,603	25,999	232,012,348	133,437,593
Nov. 25	24,602	25,583	118,515,229	60,476,102	April	28,320	26,944	239,515,613	137,922,547
Dec. 25	22,368	22,831	105,897,255	54,227,184	May	25,238	24,131	219,363,038	126,577,504
1949, total	363,415	293,734	1,473,485,763	743,076,370	June	27,824	26,631	245,436,170	141,627,085
Jan. 25	21,088	22,536	105,780,059	54,335,635	July	26,403	25,975	242,365,200	139,814,859
Feb. 25	21,093	22,023	101,733,172	52,943,529	August	32,445	26,456	250,859,346	144,732,309
Mar. 25	20,583	18,794	86,487,212	44,790,539	September	34,944	33,113	312,119,694	180,453,014
Apr. 25	23,309	19,118	90,218,183	45,894,072	October	26,840	30,709	294,187,662	169,899,611
May 25	27,149	21,952	110,394,616	55,442,885	November	28,959	29,911	287,389,193	166,015,047
June 25	28,864	22,782	117,840,116	58,985,022	December	24,710	26,454	254,897,656	146,948,702
July 25	28,698	21,797	111,805,872	56,060,248	1954, total	536,665	419,372	4,285,059,759	2,448,926,382
Aug. 25	36,394	26,204	135,095,941	67,769,084	January	22,139	25,431	249,903,694	144,302,668
Sept. 25	35,383	25,542	134,666,933	66,694,578	February	27,604	27,218	270,426,135	155,591,271
Oct. 25	40,839	32,418	166,189,981	83,110,492	March	28,738	23,073	228,092,322	131,103,039
Nov. 25	40,978	32,103	166,233,717	83,344,023	April	35,033	25,963	252,380,886	144,364,989
Dec. 25	39,087	28,375	147,039,961	73,706,263	May	42,783	27,532	272,274,387	156,344,625
1950, total	642,005	514,573	3,125,040,262	1,680,254,730	June	47,040	30,849	311,183,565	178,556,786
Jan. 25	43,580	35,816	186,873,846	94,004,048	July	46,225	29,249	295,577,116	168,833,531
Feb. 25	43,046	41,539	222,141,295	111,103,712	August	60,196	40,902	420,155,918	240,519,918
Mar. 25	45,726	40,550	226,071,530	111,567,733	September	57,844	40,008	412,228,029	235,222,754
Apr. 25	50,786	38,666	222,480,916	109,080,698	October	58,492	49,317	519,899,353	296,003,884
May 25	52,133	38,476	224,845,875	108,672,061	November	57,822	47,236	495,148,135	281,548,726
June 25	52,768	36,208	218,926,900	109,329,308	December	52,749	52,594	557,790,219	316,534,191
July 25	61,295	38,801	237,480,061	126,144,795	1955, total	677,154	657,485	7,188,293,908	4,033,151,305
Aug. 25	71,010	44,018	272,118,905	151,175,735	January	52,600	58,909	624,824,867	354,096,275
Sept. 25	64,979	41,212	261,924,207	148,431,176	February	56,553	53,321	568,816,866	321,578,376
Oct. 25	68,445	52,852	337,202,691	194,455,627	March	51,923	49,978	534,919,101	303,139,173
Nov. 25	48,224	54,931	360,924,747	209,571,316	April	54,544	48,279	518,742,450	288,635,163
Dec. 25	40,013	51,504	354,049,289	206,718,521	May	59,597	50,620	551,371,993	309,812,261
1951, total	429,713	493,494	3,713,228,497	2,145,144,315	June	59,303	50,844	555,190,461	311,832,475
Jan. 25	41,590	51,891	365,009,215	213,686,488	July	54,913	47,895	522,851,877	293,034,749
Feb. 25	35,049	46,712	329,499,744	193,776,554	August	67,009	56,377	619,741,508	347,370,454
Mar. 25	36,726	40,940	299,338,372	174,409,607	September	55,588	53,378	592,027,140	331,786,681
Apr. 25	41,326	41,495	306,785,017	177,917,085	October	63,335	65,163	720,014,673	403,501,768
May 25	37,058	38,895	298,350,298	172,905,769	November	55,748	66,899	757,221,447	421,751,664
June 25	35,959	35,420	270,084,228	156,137,899	December	45,981	55,822	622,571,705	346,612,266



TABLE 5.—Trends in average purchase prices of home loans closed

Date	Existing homes					New and proposed homes				
	Number of loans	Average purchase price	Percent			Number of loans	Average purchase price	Percent		
			Under \$10,000	\$10,000 to \$11,999	\$12,000 and over			Under \$10,000	\$10,000 to \$11,999	\$12,000 and over
1950—January	10,552	\$8,285	76.4	13.0	10.6	11,424	\$8,887	77.2	14.8	8.0
February	12,483	8,215	75.1	14.0	10.9	13,476	8,819	78.2	13.8	8.0
March	12,985	8,231	74.9	14.2	10.9	13,615	8,837	77.0	14.8	8.2
April	12,243	8,043	77.0	13.1	9.9	14,314	8,670	79.8	13.1	7.1
May	12,581	8,271	74.3	14.2	11.5	14,235	8,701	79.8	12.8	7.4
June	12,246	8,251	74.8	13.1	12.1	14,389	8,761	79.0	13.4	7.6
July	12,820	8,210	75.6	13.4	11.0	16,203	8,658	80.1	13.1	6.8
August	13,693	8,463	73.4	14.1	12.5	18,837	8,762	80.3	13.1	6.6
September	12,669	8,561	72.5	13.8	13.7	18,624	8,854	79.5	13.3	7.2
October	16,547	8,698	70.6	15.2	14.2	22,901	9,115	76.6	15.2	8.2
November	16,307	8,940	68.3	16.1	15.6	25,164	9,368	73.8	16.6	9.6
December	15,050	9,078	66.7	16.4	16.9	25,675	9,421	73.0	17.2	9.8
1951—January	14,857	9,105	65.7	17.6	16.7	27,168	9,439	73.3	16.9	9.8
February	12,237	8,382	61.6	19.0	19.4	24,875	9,589	71.5	17.8	10.7
March	10,491	9,391	62.2	18.2	19.6	22,833	9,913	65.9	21.1	13.0
April	10,911	9,374	62.2	17.5	20.3	23,101	10,017	62.8	23.5	13.7
May	10,694	9,256	62.1	18.0	19.9	22,837	10,099	61.6	25.6	12.8
June	10,433	9,395	60.9	18.3	20.8	20,067	10,263	57.4	27.4	15.2
July	9,523	9,468	60.7	17.6	21.7	26,448	10,306	59.5	26.7	13.8
August	9,077	9,116	66.4	15.8	17.8	27,155	10,242	57.0	28.3	14.7
September	7,479	9,335	62.2	17.4	20.4	23,022	10,403	50.4	33.3	16.3
October	8,796	9,634	59.1	17.5	23.4	21,204	10,680	44.2	36.7	19.1
November	10,064	10,359	51.0	11.0	38.0	23,683	10,859	40.4	37.3	22.3
December	8,292	10,107	53.3	19.9	26.8	21,082	10,911	38.8	41.2	20.0
1952—January	10,010	9,868	56.2	18.6	25.2	23,442	10,845	39.2	40.2	20.6
February	8,799	10,104	52.8	19.6	27.6	18,032	10,896	38.8	37.7	23.5
March	8,927	9,956	53.9	20.8	25.3	17,252	10,796	41.7	37.2	21.1
April	10,472	9,995	53.1	21.0	25.9	16,680	10,792	43.1	36.3	20.6
May	9,250	9,885	54.2	20.4	25.4	13,628	10,808	41.4	33.6	25.0
June	8,704	10,031	52.5	20.2	27.3	13,442	10,915	42.6	33.7	23.7
July	7,858	10,133	52.6	19.9	27.5	13,323	10,929	41.5	32.2	26.3
August	8,385	10,172	52.4	19.3	28.3	14,232	10,919	40.2	32.9	26.9
September	9,019	10,389	48.4	21.0	30.6	14,921	11,024	36.8	34.9	28.3
October	9,513	10,141	51.2	20.9	27.9	14,866	10,945	37.0	34.0	27.0
November	10,985	10,418	48.1	22.2	29.7	16,356	11,102	36.3	34.9	28.8
December	8,474	10,421	49.0	21.3	29.7	16,028	11,045	35.1	41.7	23.2
1953—January	9,628	10,477	49.0	20.7	30.3	16,757	11,017	36.7	35.5	27.8
February	10,521	10,588	47.4	20.5	32.1	19,163	10,975	36.7	36.4	26.9
March	8,588	10,781	44.5	21.7	33.8	15,615	11,113	33.8	38.0	28.2
April	8,995	10,503	47.4	21.8	30.8	16,025	10,932	35.2	38.1	26.7
May	7,574	10,805	45.1	21.4	33.5	14,961	11,122	39.9	39.9	29.2
June	8,845	10,854	44.6	21.6	33.8	16,173	11,348	26.9	40.2	32.9
July	8,830	10,970	43.9	22.0	34.1	15,747	11,378	28.1	39.3	32.6
August	9,117	10,853	42.9	24.1	33.0	16,097	11,626	25.2	38.6	36.2
September	12,637	10,654	45.1	22.9	32.0	19,279	11,504	28.2	36.7	35.1
October	11,057	10,703	43.9	23.9	32.2	18,440	11,676	24.7	36.2	39.0
November	10,262	10,847	42.3	23.8	33.9	18,480	11,622	28.2	34.8	37.0
December	9,181	10,647	44.9	22.6	32.5	16,163	11,750	24.7	36.5	38.8
1954—January	8,023	10,822	43.3	22.0	34.7	16,497	11,893	22.8	36.5	40.7
February	8,702	10,959	43.2	21.8	35.0	17,510	11,853	23.3	35.2	41.5
March	7,200	10,836	43.7	21.2	35.1	14,900	11,742	23.9	33.5	42.6
April	9,276	10,815	43.6	23.1	33.3	15,055	11,747	25.5	33.5	41.0
May	10,647	10,799	45.3	21.4	35.3	15,774	11,733	25.3	34.7	40.0
June	11,649	10,913	43.7	22.9	33.4	18,337	11,753	26.1	33.7	40.2
July	12,110	10,919	44.1	22.4	33.5	16,210	11,905	23.5	34.2	42.3
August	17,469	11,023	41.8	23.3	34.9	22,673	11,940	22.9	34.0	43.1
September	16,332	10,903	43.8	22.6	33.6	22,574	11,987	22.5	35.3	42.2
October	21,284	11,288	39.2	23.0	37.8	27,189	12,077	22.3	33.0	44.7
November	19,322	10,982	42.8	22.9	34.3	26,962	11,995	22.6	35.0	42.4
December	22,170	11,110	40.9	23.2	35.9	29,545	12,119	20.6	34.3	45.1
1955—January	23,288	11,138	40.8	22.7	36.5	33,989	12,165	20.2	33.1	46.7
February	21,180	11,058	41.8	22.1	36.1	30,919	12,195	20.1	31.7	48.2
March	18,732	11,109	41.2	22.2	36.6	30,062	12,036	21.4	33.2	45.4
April	19,440	11,254	39.8	22.8	37.4	27,612	12,106	21.1	33.2	45.7
May	20,643	11,323	38.6	22.5	38.9	28,928	12,357	18.3	30.5	51.2
June	20,430	11,270	39.8	22.4	37.8	29,440	12,475	16.7	30.2	53.1
July	18,714	11,348	39.4	21.8	38.8	28,174	12,494	17.8	29.1	53.1
August	22,752	11,505	37.2	21.9	40.9	32,505	12,559	16.7	28.4	54.9
September	20,748	11,571	36.4	22.3	41.3	31,775	12,561	16.3	28.7	55.0
October	25,450	11,435	37.9	21.8	40.3	38,449	12,663	14.8	28.2	57.0
November	23,803	11,536	35.8	22.0	42.2	41,797	12,894	12.1	26.5	61.4
December	20,399	11,505	36.5	22.2	41.3	33,997	12,935	12.9	26.6	60.5
1956—January	16,388	11,668	34.8	22.4	42.8	32,908	13,026	11.8	27.5	60.7
February	15,840	11,844	33.9	21.4	44.7	30,341	13,103	11.7	25.9	62.4
March	13,441	11,636	35.6	21.8	42.6	27,014	13,041	12.4	25.3	62.3

TABLE 6.—Characteristics of home loans closed under the VA loan guaranty program, November 1944 to December 1955

	November 1944 to December 1946	Total, 1947	Total, 1948	Total, 1949	Total, 1950	Total, 1951	Total, 1952	Total, 1953	Total, 1954	Total, 1955	Cumulative total, December 1955
Total number of home loans closed.....	455,293	541,922	349,934	276,793	497,596	447,373	306,783	322,160	410,778	649,591	4,256,513
TYPE OF LENDER DISTRIBUTION, ALL HOME LOANS (ORIGINATIONS)											
Total, all lenders.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Commercial banks.....	38.7	39.6	37.3	26.9	21.4	23.2	21.8	17.0	12.6	14.4	25.2
Savings and loan.....	39.4	31.5	26.9	20.5	21.9	20.0	26.5	28.7	22.4	23.8	26.3
Mortgage and real estate.....	10.7	15.5	16.6	33.9	39.1	32.6	30.6	32.9	45.5	46.2	30.9
Mutual banks.....	7.9	6.7	9.9	10.9	9.1	11.5	15.1	17.3	13.3	9.5	10.6
Insurance companies.....	2.9	6.4	8.6	7.3	8.0	11.9	5.0	2.8	5.3	5.3	6.3
Individual and other.....	.4	.3	.7	.5	.5	.8	1.0	1.3	.9	.8	.7

TABLE 6.—*Characteristics of home loans closed under the VA loan guaranty program, November 1944 to December 1955—Continued*

## PURPOSE OF LOAN DISTRIBUTION, ALL HOME LOANS

	November 1944 to December 1946	Total, 1947	Total, 1948	Total, 1949	Total, 1950	Total, 1951	Total, 1952	Total, 1953	Total, 1954	Total, 1955	Cumula- tive total, December 1955
Total, all purposes.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Purchase existing home.....	83.5	57.6	48.0	39.4	36.3	28.0	35.7	35.9	40.0	39.3	44.8
New and existing construction.....	16.1	41.3	50.2	59.1	62.8	71.0	62.9	63.0	59.2	59.7	54.2
Alteration and repair.....	.4	1.1	1.8	1.5	.9	1.0	1.4	1.3	.8	1.0	1.0

## DOWNPAYMENT STATUS OF PRIMARY (SEC. 501) HOME LOANS (EXCEPT ALTERATION AND REPAIR LOANS)

	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
100-percent loans.....	61.1	40.0	23.8	34.3	44.2	21.2	5.2	8.2	28.2	39.6	32.2
Downpayment loans.....	38.9	60.0	76.2	65.7	55.8	78.8	94.8	91.8	71.8	60.4	67.8

NOTE.—Annual figures in this table are not adjusted for subsequent corrections; therefore they do not always coincide with published cumulative data.

TABLE 7.—*Veteran participation in VA-guaranteed and direct-loan programs in metropolitan and nonmetropolitan counties (cumulative as of end of December 1955)*

	Number of counties	Estimated World War II and Korean veteran population, December 1955 <sup>1</sup>	Loans made as percent of veteran population					Estimated number of veterans who have not used entitle- ment
			Total number guaran- teed and direct loans made <sup>2</sup>	Total guaran- teed and direct loans	Guaranteed loans		Direct loans	
					Home loans	Farm and business loans		
All United States counties, total.....	3,074	18,894,000	4,623,716	24.5	22.5	1.6	0.4	14,270,300
Direct-loan counties:								
Wholly eligible.....	2,362	4,685,100	523,474	11.2	8.0	1.8	1.4	4,161,600
Partially eligible.....	253	2,861,000	801,516	28.0	26.7	1.0	.3	2,059,500
Non-direct-loan counties.....	459	11,347,900	3,298,726	29.1	27.4	1.6	2.1	8,049,200
Metropolitan counties, total <sup>4</sup> .....	282	11,761,500	3,519,257	29.9	28.3	1.5	.1	8,242,200
Direct-loan counties:								
Wholly eligible.....	14	132,900	21,199	16.0	14.1	.7	1.2	111,700
Partially eligible.....	63	1,743,000	566,151	32.5	31.4	.9	.2	1,176,800
Non-direct-loan counties.....	205	9,885,600	2,931,907	29.6	28.0	1.6	2.02	6,953,700
Nonmetropolitan counties, medium size, total <sup>5</sup> .....	148	1,281,000	288,908	22.6	20.9	1.1	.6	992,100
Direct-loan counties:								
Wholly eligible.....	42	300,500	46,760	15.5	13.3	.9	1.3	253,700
Partially eligible.....	49	473,200	103,835	21.9	20.6	.8	.5	369,400
Non-direct-loan counties.....	57	507,300	138,313	27.3	25.8	1.3	2.2	369,000
Nonmetropolitan counties, small, total <sup>6</sup> .....	2,644	5,851,500	815,551	13.9	11.0	1.8	1.1	5,036,000
Direct-loan counties:								
Wholly eligible.....	2,306	4,251,700	455,515	10.7	7.4	1.9	1.4	3,796,200
Partially eligible.....	141	644,800	131,530	20.4	18.3	1.5	.6	513,300
Non-direct-loan counties.....	197	955,000	228,506	23.9	21.9	1.8	2.2	726,500
Small nonmetropolitan counties which are wholly eligible, by veteran population size groups:								
5,000 and over.....	45	371,200	47,256	12.7	10.8	.6	1.3	323,900
2,500 to 5,000.....	284	1,199,400	142,721	11.9	9.1	1.3	1.5	1,056,700
1,000 to 2,500.....	959	1,930,300	201,711	10.4	6.9	2.1	1.4	1,728,600
Under 1,000.....	1,018	750,800	63,827	8.5	4.4	2.6	1.5	687,000

<sup>1</sup> Includes 14,548,000 veterans of World War II only, 3,503,000 veterans of Korean conflict only; and 843,000 veterans with World War II and Korean conflict service.<sup>2</sup> Includes 272,510 loans to veterans with Korean conflict entitlement.<sup>3</sup> Direct-loan status as of Dec. 31, 1955. Some excluded counties were formerly eligible, in whole or part.<sup>4</sup> Metropolitan counties, as classified by Bureau of Census.<sup>5</sup> Nonmetropolitan counties where 1950 population of largest city was between 25,000 and 50,000.<sup>6</sup> Nonmetropolitan counties where 1950 population of largest city was less than 25,000.



TABLE 8.—*Loan guaranty program—Statement of accountability for appropriated funds—Disbursed and collections received (cumulative through Mar. 31, 1956)*

TOTAL FUNDS DISBURSED AND RECEIPTS RETURNED TO TREASURY	
Total appropriated funds expended (exclusive of 4-percent gratuities):	
1. For payment of claims.....	\$82,207,315.15
2. For acquisition of property (additional cost).....	70,693,266.37
3. For acquisition of loans, property management and sale and all other expenditures.....	22,263,880.40
Total appropriated funds expended.....	\$175,164,461.92
Receipts returned to general fund of Treasury:	
1. Total general fund receipts deposited.....	\$62,669,887.09
2. Deposits to general fund pending.....	15,311.97
	62,685,199.06
Net expenditures to be accounted for.....	112,479,262.86
ACCOUNTABILITY FOR NET EXPENDITURES	
Assets on hand:	
1. Property owned:	
(a) Property owned in absolute title.....	\$18,737,200.23
(b) Property in process of acquisition.....	2,251,269.67
	20,988,469.90
2. Loans receivables:	
(a) Acquired loans:	
501 loans.....	1,161,391.51
505 (a) loans.....	676,797.49
FHA loans.....	1,608,042.74
Other loans.....	17,352.65
	3,463,584.39
(b) Vendee accounts on property sold.....	68,882,481.65
(c) Mortgage loans in process of liquidation.....	595,034.23
3. Accounts receivable:	
(a) Veterans' liability accounts <sup>1</sup> .....	\$26,529,905.42
(b) Advances to VA employees for bidding at public sales.....	98,983.04
(c) Due from others.....	90,464.96
	26,719,353.42
Total assets on hand.....	120,648,923.59

RESULT OF LIQUIDATION OF ASSETS AND OPERATIONS	
1. Income:	
(a) Gross profit on sales:	
Selling price of property.....	\$107,442,270.69
Book value of property.....	98,562,576.83
	\$8,879,693.86
(b) Rental and miscellaneous income.....	
	1,425,288.64
(c) Interest income:	
From loans receivable.....	\$10,935,146.07
From veterans' accounts.....	359,546.68
	11,294,692.75
Total income.....	21,599,675.25
2. Expenses and losses:	
(a) Property expense:	
Management expense.....	\$4,303,540.03
Selling expense.....	4,833,777.33
	9,137,317.36
(b) General expense.....	
	343,400.61
(c) Writeoff of assets:	
Veterans' liability accounts.....	\$3,883,789.43
Acquired security and collateral.....	65,483.32
	3,949,272.75
Total expenses and losses.....	13,429,990.72
3. Difference between income and expenses and losses.....	(8,169,684.53)
4. Intransit items <sup>2</sup> .....	23.80
Net expenditures accounted for.....	112,479,262.86

<sup>1</sup> Includes \$16,016,520.56 that has been referred to General Accounting Office as uncollectible.

<sup>2</sup> Represents balance of charges and repayments transferred to other stations which were not recorded by receiving stations at the close of the accounting period.

TABLE 9.—*Status of the direct-loan program, Mar. 31, 1956*

Applications	Number
Applications received to date.....	136,597
Awaiting preliminary screening before referral to VHMCP <sup>1</sup> .....	9
Awaiting VHMCP action or VA processing.....	174
Va processing in progress, total.....	4,229
Awaiting fund reservation.....	261
Funds reserve, not yet fully disbursed.....	3,968
Applications disposed of to date.....	132,185
VHMCP commitments by private lenders <sup>1</sup> .....	4,575
Rejected by VA or withdrawn.....	52,734
Loans closed and fully disbursed by VA.....	74,876

Direct loan fund allotments	Amount
Total allotments to date.....	\$605,398,735
Net reservations to date.....	568,290,225
Unreserved balance.....	37,108,510

Status of direct loans closed and fully disbursed	Number	Initial loan amount	Average loan amount
Total loans closed and fully disbursed.....	74,876	\$537,110,092	\$7,173
Loans terminated to date, total.....	9,809	68,621,577	6,996
By sale.....	6,993	50,295,310	7,192
By repayment in full.....	2,584	16,973,066	6,569
By foreclosure.....	124	736,285	5,938
By voluntary conveyance.....	108	616,916	5,712
Fully disbursed loans outstanding.....	65,067	468,488,515	7,200
Loans in default, total.....	3,295		
4 or more installments.....	653		
Percent of outstanding loans.....	1.0		

<sup>1</sup> Direct loan applications received between February and September 1955 were referred to regional committees of the voluntary home mortgage credit program for placement with private lenders before being processed as direct loans. A total of 14,393 such applications were referred to VHMCP and 4,575 loans placed as a result of such referrals.

Mr. SPARKMAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). Does the Senator from New York yield to the Senator from Alabama?

Mr. LEHMAN. I am glad to yield.

Mr. SPARKMAN. Mr. President, I should like to say to the distinguished Senator from New York, who has cosponsored the amendment now before the Senate, that I discussed the matter with the Senator from Indiana [Mr. CAPEHART] before he had to leave town yesterday. He told me that he was agreeable to the amendment of the Senator from New York. I know of no objection to it.

Mr. KNOWLAND. Mr. President, with all due respect to what the Senator from Alabama has said, I should like to state that I have a substitute to the amendment, which I intend to offer. The subject matter before the Senate deals with a matter which is now before another committee than the committee from which the pending bill was reported.

I am prepared to offer a substitute which will permit a 1-year extension, so that the appropriate committee may have an opportunity to consider the matter. Therefore, there will be opposition to the amendment in the form in which it was offered by the Senator from New York.

Mr. SPARKMAN. If the Senator from New York will yield to me briefly, I should like to say that the Senator from California, I am sure, understands that a bill identical with the pending amendment is before the Committee on Labor and Public Welfare.

Mr. KNOWLAND. I understand that to be the fact.

Mr. SPARKMAN. The Senator from Alabama is the chairman of that committee. The bill was referred to a subcommittee, of which the distinguished

Senator from New York [Mr. LEHMAN] is chairman.

Mr. KNOWLAND. I fully realize that that is the situation. However, that bill has not been reported to the Senate. I understand that hearings have not been held on it, or, perhaps, that hearings on it have not been concluded. In any event, the legislation has not been processed for presentation on the floor. I am not raising any point of germaneness, because we do not have such a rule in the Senate. However, in view of the statement of the Senator from Alabama, and so that there will be no misunderstanding, I am prepared to agree to a 1-year extension; but in view of the fact that other legislation is pending before the appropriate committee, I would have to object to the amendment offered by the Senator from New York.

Mr. LEHMAN. Mr. President, so as to curtail discussion on this amendment, I wish to say that I will modify my amendment by striking out, in line 5, the word "thirteen" and inserting in lieu thereof "eleven."

In paragraph (b) I would modify my amendment by inserting the figures "1958" in lieu of the figures "1960."

Mr. KNOWLAND. That would provide for a 1-year extension?

Mr. LEHMAN. Yes. I think that would meet the objection of the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York, as modified.

The amendment, as modified, was agreed to.

Mr. BRICKER. Mr. President, I wish to call up my amendment designated "5-22-56-A."

The PRESIDING OFFICER. Does the Senator desire that his amendment be read in full, or to have it printed in the RECORD?

Mr. BRICKER. It may be printed in the RECORD, Mr. President.



The PRESIDING OFFICER. The amendment offered by the Senator from Ohio will be printed in the RECORD.

The amendment is as follows:

On page 40, beginning with line 3, strike out all through line 21, on page 42, and insert in lieu thereof the following:

"SEC. 501. (a) Subsection (1) of section 10 of the United States Housing Act of 1937, as amended, is hereby amended as of August 1, 1956, to read as follows:

"(1) Notwithstanding any other provisions of law the Authority may enter into new contracts for loans and annual contributions after July 31, 1956, for not more than 35,000 additional dwelling units, which amount shall be increased by 35,000 additional dwelling units on July 1, 1957, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: *Provided*, That the authority to enter into new contracts for annual contributions with respect to each such 35,000 additional dwelling units shall terminate 2 years after the first date on which such authority may be exercised under the foregoing provisions of this subsection: *Provided further*, That no such new contract for annual contributions for additional units shall be entered into except with respect to low-rent housing for a locality respecting which the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, as amended: *And provided further*, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress."

"(b) Clause (2) of the third proviso appearing in that part of the Independent Offices Appropriation Act, 1953, which is captioned 'Annual contributions' under the heading 'Public Housing Administration' is hereby repealed.

"(c) Section 101 (c) of title I of the Housing Act of 1949, as amended, is hereby amended by inserting the following after the first comma therein: 'or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to August 1, 1956.'

"(d) Subsection (d) of section 21 of the United States Housing Act of 1937, as amended, is hereby amended by striking out the figure '10' in both places it appears and inserting in lieu thereof the figure '15.'"

Mr. KNOWLAND. Mr. President, I request that the yeas and nays be ordered on this amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. BRICKER. Mr. President, this amendment embodies the administration's recommendations on public housing. The amendment consists of two main parts:

First. Authorizes the construction of 70,000 units of public housing at the rate of 35,000 units a year for 2 years. This is a substitute for the fantastic authorization of 510,000 units to be constructed at the rate of 135,000 units a year contained in the pending bill.

Second. The bill would also require local communities which receive Federal assistance for public housing to have a

workable program for the prevention and elimination of slums.

I realize there are many public interest and some self-interest groups in this country who apply political pressures in the direction of large numbers of public-housing units. These groups contend that we must engage in a "crash" program of public housing with no relationship to clearing up slums. The threat of reprisal at the polls is the penalty for moderation, or, in this instance, proper planning to meet the needs and overcome the problems which face us.

In my Senate service of nearly 10 years, I can recall no instance of a Senator's failing of reelection because he opposed unlimited public housing—nor the reelection of one Senator because he supported unlimited public housing. Let us banish the strawman of political expediency and consider this amendment on its merits.

The amendment carries out the President's recommendation that 35,000 units a year for each of 2 years be incorporated in the public-housing section of the pending bill. Those who administer the public-housing program have told Congress that this is the type of program which will best meet the needs of the Nation. This is not a percentage of total annual home construction, as is the formula often advocated by those who give little thought to the total approach to the slum problem. Ten percent is their figure. I cannot agree with those who imagine that 10-percent public and 90-percent private enterprise is only mildly socialistic.

The 35,000 units proposed by the administration are not based upon a percentage of socialism or anything else. They are the number of units of public housing which can be programmed, contracted for, and constructed in an orderly administrative manner. They are the number which will be occupied by those now consigned to slum living through no fault of their own. They are the number for which local communities will make application to meet the problem of relocation of families from slum areas being cleared by governmental action. In addition, the units requested by the administration will suffice to house other families needing proper housing by reason of low income rather than relocation caused by governmental action.

There are presently in place and in operation 415,000 public-housing units in the areas of the Nation where they are most needed. Twenty thousand more are presently in construction. Another 55,000 have been contracted and approximately 45,000 more will be put under contract this fiscal year. We are recommending at this time that no more than 70,000 additional be authorized for the next 2 fiscal years. When these authorizations are completely operative we will have available for occupancy more than a half million family units of public housing. Again, Mr. President, I emphasize the fact that this is approximately one-half of the year's construction.

More important to me than sheer numbers in dealing with the problem which

confronts us is the portion of the amendment which places a premium on community acknowledgment—rather than neglect—of slums.

If ever the problem is solved, Mr. President, it will have to be done primarily through the interest of the people in the local communities. I know the Federal Government can aid in the program, can accentuate it, and can encourage it, and I have always favored that, but I do not favor the Federal Government's taking over the program entirely.

This provision, known as the workable program, states that any municipality must take certain steps to become eligible for public housing allocations. This is no problem in more than 100 cities of the Nation because they have already done what is required. It is no particular problem to others because the requirement looks not to accomplishment of the goals as stated, but rather to good faith, and a sincere desire on the part of communities to rid themselves of slums with governmental assistance.

In the Housing Act of 1954, Congress expressed its will that urban renewal efforts should be a cooperative partnership between community and Federal Government. This continues, and is coping successfully with urban renewal measures, such as slum clearance, rehabilitation and more favorable mortgage insurance in renewal areas. There is but one inadequacy, and that is the lack of the same cooperative partnership in the public housing program.

The amendment proposes no restriction on public housing, but rather an orderly approach to the problem of providing governmental assistance to municipalities for slum clearance, rehabilitation, relocation of families and redevelopment of the slum areas. Public housing is one spoke in the wheel of urban renewal; it is neither a total program in itself, nor one separate from others assisting in solution of the problem of slums.

In conclusion, Mr. President, I wish to reiterate that the President's recommendation provides an orderly and balanced approach to this problem. I hope Senators will recognize that this is a realistic, commonsense program which deserves the support of every Member of the Senate.

The amendment provides for about as many public housing units as can be constructed, and it is about as much as the Federal Government can aid in the program at present. The initiative in the program ultimately rests in the local communities. This is a program of the administration. It is a program recommended by the housing authorities of the country. I hope it will be sustained by a vote of the Senate.

Mr. SPARKMAN. Mr. President, I wish to speak for 2 or 3 minutes in regard to the particular provision of the bill to which the amendment is directed. I shall not speak at length, because the matter has been before the Senate time after time, and on 4 or 5 different occasions the Senate has confirmed and ratified exactly the position which the Senate committee has reported in the bill.



No later than last year did the Senate do that.

With reference to the number of units proposed by the administration, I call attention to the testimony of Mr. Slusser, speaking for the administration, in which it is clearly shown that the number of units asked for by the administration will not even take care of the number of persons who will have to have housing, or who will be moved out of slum areas and areas of urban renewal. He said that in the next 3 years approximately 265,000 families would have to be moved, and half of them would require public housing. Therefore, the administration program would not take care of any of the needs of the smaller cities and towns throughout the country, but would be restricted completely to urban renewal, and thereby would be of benefit primarily to the big cities, and the big cities only.

I feel that the program which the committee has recommended is entirely reasonable, just as have been the programs which the committee recommended in the past. The same argument applies to the idea of tying in the program with the urban renewal program or a workable program. We have included proper language and have the assurance that every incentive and encouragement will be given to every locality which asks for public housing or slum clearance assistance, and everything possible will be done to that end. But we do not believe the program should be tied down to those phases. As a matter of fact, only a little more than a year ago, when the program was tied down so closely, the Housing Administration found that it could not make any contracts, so it came to Congress and asked the committees of the Senate and House to release it from that restriction. Congress removed the restriction. Certainly we should not put it back now.

I hope the Senate will reject the amendment, and will adopt the provision exactly as the committee has reported it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio, the yeas and nays having been ordered.

Mr. LEHMAN. Mr. President, I should like to speak for 2 or 3 minutes.

I hope the amendment of the Senator from Ohio will not prevail. I think the number of units provided in the bill, namely, 135,000 for 4 years, is the minimum amount of housing that should be provided. The 35,000 units proposed by the Senator from Ohio will not, as the Senator from Alabama has pointed out, take care of even the persons who will be evicted and displaced by slum clearance projects, and they are persons for whom homes must be found.

In New York City alone, in one project, there will be 7,000 displaced persons for whom homes must be found. The 35,000 units proposed in the amendment offered by the Senator from Ohio will not take care of the needs of more than 3 or 4 cities out of several hundred throughout the country. What the committee has proposed is a minimum program of 135,000 units a year for each of the next 4 years, whereas the number suggested or

referred to by the Senator from Ohio as the building of the Nation as a whole is for 1 year.

We now have a backlog of needs for the poor people and middle-class people which cannot possibly be cared for even remotely unless we adopt the program contained in the bill.

Mr. BRICKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BRICKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BRICKER] for the Senator from Indiana [Mr. CAPEHART].

The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. SMATHERS. I announce that the Senator from Kentucky [Mr. CLEMENTS], the Senator from Mississippi [Mr. EASTLAND], the Senators from North Carolina [Mr. ERVIN and Mr. SCOTT], and the Senator from Louisiana [Mr. LONG] are absent on official business.

The Senator from Tennessee [Mr. KEFAUVER] and the Senator from West Virginia [Mr. NEELY] are necessarily absent.

On the vote, the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Kentucky would vote "nay" and the Senator from Indiana would vote "yea."

The Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from Mississippi would vote "yea" and the Senator from West Virginia would vote "nay."

I further announce that if present and voting, the Senator from Tennessee [Mr. KEFAUVER], the Senator from Louisiana [Mr. LONG], and the Senator from North Carolina [Mr. SCOTT] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Maryland [Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from Idaho [Mr. DWORSHAK], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Ohio [Mr. BENDER], the Senator from Pennsylvania [Mr. DUFF], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Kentucky [Mr. CLEMENTS]. If present and voting, the Senator from Indiana would vote "yea" and the Senator from Kentucky would vote "nay."

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from Pennsylvania [Mr. DUFF].

If present and voting, the Senator from Maryland would vote "yea" and the Senator from Pennsylvania would vote "nay."

If present and voting, the Senator from Ohio [Mr. BENDER] would vote "nay."

The result was announced—yeas 38, nays 41, as follows:

## YEAS—38

Allott	George	Potter
Barrett	Goldwater	Robertson
Bennett	Holland	Russell
Bricker	Hruska	Saltonstall
Bridges	Jenner	Schoeppel
Butler	Knowland	Smathers
Byrd	Kuchel	Smith, N. J.
Carlson	Malone	Thye
Case, S. Dak.	Martin, Iowa	Watkins
Cotton	Martin, Pa.	Welker
Curtis	McClellan	Williams
Dirksen	Millikin	Young
Flanders	Mundt	

## NAYS—41

Anderson	Hill	Monroney
Bible	Humphrey	Morse
Bush	Ives	Murray
Case, N. J.	Jackson	Neuberger
Chavez	Johnson, Tex.	O'Mahoney
Daniel	Johnston, S. C.	Pastore
Douglas	Kennedy	Payne
Ellender	Kerr	Purtell
Frear	Laird	Smith, Maine
Fulbright	Langer	Sparkman
Gore	Lehman	Stennis
Green	Magnuson	Symington
Hayden	Mansfield	Wofford
Hennings	McNamara	

## NOT VOTING—18

Aiken	Dworshak	McCarthy
Beall	Eastland	Neely
Bender	Ervin	Scott
Capehart	Hickenlooper	Wiley
Clements	Kefauver	
Duff	Long	

So the amendment submitted by Mr. BRICKER for Mr. CAPEHART was rejected.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas to lay on the table the motion to reconsider the vote by which the amendment was rejected.

The motion to lay on the table was agreed to.

#### AWARD TO SENATOR BUTLER OF THE AMERICAN LEGION MERCHANT MARINE ACHIEVEMENT TROPHY

Mr. KNOWLAND. Mr. President, our distinguished colleague, the senior Senator from Maryland, Senator JOHN MARSHALL BUTLER, has today been presented by President Eisenhower with the American Legion's merchant marine achievement trophy. This award is given each year to the individual who, in the eyes of the merchant marine committee of the American Legion, has done the most during the preceding year to promote and protect the interests of all segments of the American merchant marine.

I take this opportunity to join with the American Legion and President Eisenhower in paying tribute to our distinguished colleague, Senator BUTLER,



"flavor" and coordination—such as internationally determined standards of eligibility—though the individual aid grants could still be country to country.

The standards of qualification would be far from loose. Underdeveloped countries requesting aid would have to show that their development program was planned, that their people were willing to support it, and that individual projects would be useful. The authors advocate basically a banking concept of the aid.

The program, which could reach a maximum of capital inflow into the underdeveloped countries from all sources of \$3,500,000,000 a year, would not have spectacular results, the authors estimate. They think that on the average such an investment might raise standards of living by only 1 percent a year (in the sense of per capita consumption of goods and services).

But this, they believe, is about all the underdeveloped countries can absorb. And they feel it would be sufficient in most cases to demonstrate progress.

A key to the program is the assumption that at a certain stage of development a country goes over the hump and begins to generate all, or almost all, the capital it needs by itself. The report says India is approaching this transition stage now, but is not yet there.

It also points to India as a good example of a country where the energies of the people now are being directed toward economic development and improvement and away from radical political solutions. It notes that India is among the more stable of the underdeveloped countries and implies that such a condition is the best that United States national interests can ask.

The report urges that the United States put up immediately \$10 billion to \$12 billion for a 5-year period. It believes that not all of this money would be drawn, but argues that it must be available. Other industrial countries would be asked to make available \$2 billion to \$3 billion.

There should be no strings at all on the aid given, the report urges, except for the original qualifying tests for the recipient countries.

For countries in the very first stage of development, grant aid is recommended, with emphasis on technical assistance. As the economy begins to move forward into the second stage, then loans should be used. At that stage the amounts involved become larger, the report says.

[From the Washington Post and Times Herald of May 20, 1956]

SUKARNO SEEN AS VICTOR IN NEUTRAL NATIONS PLEA

(By Chalmers M. Roberts)

Indonesia's President Sukarno caught Washington at an opportune moment last week and made the most of it in what may turn out to be a two-way educational process.

But, as of now at least, the importance of the whirlwind Sukarno visit has not altered the radically different plans for the visit of Asia's other leading neutralist leader, India's Prime Minister Jawaharlal Nehru, who arrives in July.

Because Nehru has asked to talk at length with President Eisenhower, present plans call for whisking him off to Camp David, Md., for 3 days of private talks with no public appearances before Congress or such a forum as the National Press Club.

The fact is that American policy toward Asian neutralism is changing and that this change is one of the major new developments on the Western side since Moscow altered its tactics.

Sukarno drove home some of the arguments for respecting the refusal of newly independent nations such as Indonesia and India to take sides in the East-West con-

flict. Conservative Members of Congress on both sides of the aisle came away, it is now clear, with a new feeling that there is something to be said for such a policy and that America has to respect it.

Sukarno frankly and cleverly tapped the well-springs of American anti-colonialism in making his case. In retrospect, he might have gone even further and talked frankly about his own attitude toward Soviet Russia and Communist China.

Sukarno, of course, was a new personality to Washington though some here had met him at home. Nehru, on the other hand, visited here during the Truman administration and went away depressed at what he felt was the materialistic and militaristic attitude of this Nation. His public statements and last fall's Khrushchev-Bulganin visit to India have made him a sore point or worse to a good many Members of Congress and to other Americans.

Yet it can be argued that it would serve Nehru's own aims better if he were to take the public platform here and state his case with frankness equal to Sukarno's. If he will suggest that he would like to do so, he can count on adequate forums, it can be said with authority.

The question appears to be whether Nehru is aware of the changes going on in Washington. He cannot, of course, expect the United States to scrap its Middle East and Asian defense agreements which he has strongly and repeatedly criticized. But there is at least the beginning of a new view of India's importance to the United States: that, as Ambassador John Sherman Cooper has said, the important thing is that India be helped to develop economically by democratic processes, however much Americans disagree with Nehru's expressed attitudes toward Russia and Red China.

Undoubtedly there will be hostile criticism toward Nehru when he comes here, but that is just about as likely if he comes for talks with Mr. Eisenhower alone as if he also makes a speech to Congress or the Press Club.

Nehru, for example, might be interested to know that an exhaustive 104-page proposal for a new foreign economic policy is now being circulated within the Government and at the Capitol. Written by Max F. Millikan and W. W. Rostow of the Massachusetts Institute of Technology's Center for International Studies, it argues that "a much expanded long-term program of American participation in the economic development of the underdeveloped areas can and should be one of the most important means for furthering the purposes of American foreign policy."

This document, expected to reach the President shortly if it has not already, is likely to be an important influence in the restudy of American foreign aid. It calls for playing down military alliances, without reducing American military power, and for making economic aid "an alternative focus."

Millikan and Rostow argue against an exclusively American program, declaring that "if we take the leadership in such a program, we need not fear, and we can even welcome, Soviet participation." Bold and imaginative American leadership, they say, can "actually encourage Soviet contributions without fear that they will dominate the program."

American thinking on foreign aid, like that on Asian neutralism to which it is related, is in flux. The often-contrary actions of the House Foreign Affairs Committee on the foreign-aid bill last week testify to that. It is going to take many months, especially in this election year, to work out new policies regardless of who wins in November.

Sukarno's contribution last week was that he helped make Washington think. Washington hopes Sukarno's visit to America will also generate his thought processes. In today's changing climate, it is hard to see

why the same interplay should not apply to Nehru as well. After all, the virtue of democracies is that their leaders can talk it out with each other and that such nations can frankly express their points of view to one another.

## HOUSING AMENDMENTS OF 1956

The Senate resumed the consideration of the bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from South Carolina will be stated.

The CHIEF CLERK. On page 9, line 18, it is proposed to insert "(1)" immediately following "(c)."

On page 10, between lines 22 and 23, it is proposed to insert the following:

(2) Title VIII of such act, as amended, is amended by adding at the end thereof a new section as follows:

"SEC. 809. (a) Notwithstanding any other provision of this title, or of title IV of the Housing Amendments of 1955, no personnel shall be assigned to, or granted occupancy in, any project which was acquired or constructed under this title, and is situated at or near a military installation, if, at the time it is proposed to make such assignment or grant such occupancy, more than 10 percent of the living accommodations in any housing, acquired or constructed under this title prior to the construction of such project, and situated at or near the same military installation, are vacant.

"(b) As used in this section, the term 'this title' refers to the provisions of title VIII of the National Housing Act in effect both prior to and on and after the date of enactment of the Housing Amendments of 1955."

Mr. JOHNSTON of South Carolina. Mr. President, I should like to speak briefly in support of my amendment to Senate bill S. 3855, dealing with procedure of rental in military housing. In order to point up the critical need for legislation of this nature, let me provide you with this information:

As of January 31, 1956, there were 55 projects out of a total of 171 Wherry housing locations which were less than 95 percent occupied, in default or foreclosed. This means that over 20 percent of existing Wherry projects are in trouble. It should be remembered that a Wherry project in trouble, with investment threatened, is not helped by the fact that some other Wherry projects in other locations are occupied. Yet the military does not even acknowledge the existence of vacancies in testimony before Congress, and, further, the military is taking no effective administrative steps to correct the vacancy situation in Wherry housing.

If the military does not have the authorization it needs to correct the vacancy condition, it should be appearing before Congress requesting these authorizations; but the military is strongly silent on these now-existing conditions. Let us remember that the military or-



dered this housing 5 years ago, entered into these Wherry agreements, and caused \$750 million to be spent. Now, 5 years later, the military has the opportunity to get more new housing, and it does not want to make any provisions to protect the existing Wherry housing. Five years from now are we to expect that the military will want additional new housing and then ask Congress to approve the abandonment or condone the failure of both the 82,000 Wherry houses and the 200,000 title IV houses in favor of new housing?

The Department of Defense has testified that the building of 200,000 additional military houses which it wants will not adversely affect existing Wherry housing. The military has, in effect, said that Congress should rely solely on the extra caution the military exercises when programing additional housing at existing Wherry locations. We know that mistakes are always possible even with the best of intentions. Therefore, I urge that legislation should now be provided to protect against mistakes if they do happen, and especially so when the Government is party to agreements and is guarantor of \$650 million in mortgages now already invested.

If the military is so sure of its programing of additional housing, then an amendment such as I have offered to help indemnify a Wherry owner against vacancies would only be a safeguard, but by its very existence would encourage fewer mistakes in programing and thus overbuilding at the expense of the taxpayer.

Also, let us remember that all the additional housing requested is financially guaranteed by the Military Department, thereby placing the existing housing in an even more perilous situation.

To my mind, there are only two right-ful procedures that can be adopted in the solution of this very serious problem that would do justice not only to the sponsors of now-existing housing but would also save the Government money as well, and they are to pass the legislation that is contained in my amendment as a safeguard, or have the military purchase all existing military housing through Federal court condemnation proceedings, which is the only true and competent way to arrive at correct values.

Mr. President, I have in my hand a letter dated March 16, 1956, from the Federal Housing Administrator, Albert M. Cole, addressed to the chairman of the committee, Mr. FULBRIGHT, making the suggestion I am offering at this time in my amendment. He says:

If legislation such as S. 2848 is to be enacted consideration should therefore be given to requiring that the older Wherry housing be given priority in the assignment of personnel up to an occupancy of 90 to 95 percent.

Senators will note that 5 percent was provided when the amendment was originally submitted. I have changed the amount from 5 percent to 10 percent.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. BRICKER. I wish to say that the committee considered the subject at the time the bill was under consideration by the committee. We tried to work out the same thing that the Senator from South Carolina is endeavoring to work out. There is just one factor that presents a problem. I am in favor of the amendment of the Senator from South Carolina in principle. I think it is a sound amendment. I believe there is at least 10 percent of unoccupied Capehart or Wherry housing for which there ought to be no authorization until it is occupied. However, at SAC, for instance, there is a requirement that the men must be right there at the base. That problem becomes acute, if the distance from the base is not very carefully delineated. The Senator's amendment states "at or near." The question is what is meant by "near." If we could limit the distance from the base, I would have no objection to the Senator's amendment.

Mr. JOHNSTON of South Carolina. I would have no objection to a limit being set in regard to distance.

Mr. BRICKER. Perhaps we can work out the problem in conference, to provide adequate protection in that regard.

Mr. JOHNSTON of South Carolina. I would be willing to have the Senator do that.

Mr. BRICKER. The only problem I know of is in connection with SAC bases. General LeMay emphasized that fact very strongly before our committee. Therefore, if it is satisfactory to the Senator from South Carolina and to the chairman of the committee, I shall be glad to help work out that aspect in committee when we get to conference.

Mr. SPARKMAN. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. SPARKMAN. Of course, the Senator from Ohio has correctly stated the situation. We discussed the matter in committee. All of us concerned with the problem wanted to work it out in some way. We tried to work it out with the language we put in the bill. We were afraid of getting a too rigid proposition.

Mr. BRICKER. That is correct.

Mr. SPARKMAN. If sufficient leeway can be had, I shall be perfectly willing to try to work the matter out in conference. Perhaps between now and then we will be able to work out some suitable language.

Mr. JOHNSTON of South Carolina. It would certainly be agreeable to me to have some limitation of distance inserted.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. JOHNSTON].

The amendment was agreed to.  
Mr. BUSH. Mr. President, I call up my amendment "5-23-56-A."

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. On page 41, line 4, it is proposed to insert a colon and the following proviso before the period: "And provided further, That no new contract for annual contributions for additional dwelling units shall be entered

into except with respect to low-rent housing for a locality respecting which the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, as amended."

On page 42, insert the following after line 21:

(e) Section 101 (c) of title I of the Housing Act of 1949, as amended, is hereby amended by inserting the following after the first comma therein: "or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to August 1, 1956."

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. BRICKER. As I understand, the Senator's amendment is practically the same amendment as the second section of the amendment I offered, but it does not contain a limitation on public housing units. Is that correct?

Mr. BUSH. That is correct.

Mr. BRICKER. I thank the Senator.

Mr. BUSH. Mr. President, I shall not detain the Senate long, but I should like to make 2 or 3 points with respect to the importance of the amendment.

Adoption by the community of a workable program for the prevention and elimination of slums and blight should again be made a prerequisite for Federal aid to public housing, just as it is a requirement for Federal aid to urban renewal and special FHA mortgage insurance assistance for urban renewal housing.

The removal of this requirement resulted from a misunderstanding. The workable program requirement was repealed last year when it was confused with other provisions which required detailed calculations by the communities concerning displaced families, their incomes, existing low-rent public housing, and the timing of the construction of public housing in relation to the progress of urban renewal projects.

Federal aid to public housing should be given only where the community has an overall plan to prevent and eliminate slums. Public housing is only one of several instruments to be used in the prevention and elimination of slums and blight. A workable program is essential to assure that other available instruments which are appropriate under local conditions will be used by the community for this purpose and will be coordinated with public housing.

The requirement for a workable program is not burdensome. Communities are not expected to undertake protracted and unrealistic slum prevention planning and other activities. Rather, they are merely expected to adopt sensible long-range programs within their capabilities and suitable to their local conditions. Proof is that as of May 15, workable programs had been approved for over 100 communities. About half of them have populations of less than 50,000. More than 40 percent have populations of less than 25,000. Five communities have populations of less than 5,000 and two have less than 2,000 population.



The workable program does not have to be carried out before a public housing contract can be entered into. What is required is demonstration by the community that it is serious about carrying out its program for the prevention and elimination of slums and that the program will assist in this purpose. It is recognized that it takes time to enact and put into operation housing codes and other actions contemplated by the workable program, and that it would be unreasonable to withhold Federal assistance to public housing until the program is carried out. The program looks only to future action.

The workable program requirement would not preclude communities which do not have urban renewal powers from obtaining public housing. Requiring a workable program means merely that the community must have a plan of action for removing and preventing slums and blight. In some communities a program utilizing the city's normal police powers for rehabilitation and conservation would be sufficient. In other communities the program would be adequate if it coupled police powers with the usual exercise of eminent domain powers to acquire land for public improvement, such as parks, playgrounds, or other public facilities. Even in cities where extensive slum conditions cannot be eliminated without the use of eminent domain under urban renewal powers, this does not preclude such cities without those powers from having approved workable programs. It is only necessary that the city recognize its problems and have a plan for working toward this solution, even if this includes a reasonable plan of action for obtaining necessary State legislation or other legal action.

Mr. President, rather than delay the Senate, I ask unanimous consent to include at this point in my remarks a memorandum entitled "The Seven Elements of a Workable Program."

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### THE SEVEN ELEMENTS OF A WORKABLE PROGRAM

In order to fulfill the requirements for approval of the workable program, the locality must commit itself in its workable program to seeking the attainment of essential objectives with respect to the following:

1. Codes and ordinances.
2. A comprehensive community plan.
3. Neighborhood analyses.
4. Administrative organization.
5. Financing.
6. Housing for displaced families.
7. Citizen participation.

The following explains the seven objectives which constitute the ultimate aim of a workable program:

1. Codes and ordinances: The objective is to assure adequate minimum standards of health, sanitation, and safety through a comprehensive system of codes and ordinances which state the minimum conditions under which dwellings may be lawfully occupied.

2. A comprehensive community plan: The objective is the formulation and official recognition of a comprehensive general plan for the community as a whole. A general plan should be developed under procedures provided by State and local legislation, and should be supervised and administered by an official local planning body with adequate

resources and authority to insure continuity of planning.

3. Neighborhood analyses: The objective is the identification of the extent and intensity of blight and logical patterns of specific neighborhoods for purposes of developing a basis for planning of healthy neighborhoods of decent homes and suitable living environment.

4. Administrative organization: The objective is a firmly established administrative responsibility and capacity for enforcement of codes and ordinances, and for carrying out renewal programs and projects.

5. Financing: The objective is the development of means for meeting the financial obligation involved in carrying out urban renewal activities.

6. Housing for displaced families. The objective is to facilitate the rehousing, in decent, safe, and sanitary accommodations, of families displaced by governmental action.

7. Citizen participation: The objective is communitywide participation on the part of individuals and representatives citizens' organizations which will help to provide, both in the community generally and in selected areas, the understanding and support which is necessary to insure success.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I shall speak very briefly on the amendment. There are three points I wish to make with reference to it.

First, the Senator's amendment is a part of the Bricker amendment which the Senate voted down a few moments ago.

Second, we had a workable program tied into the legislation until last year. Less than 2 years ago—and I wish Senators to note this fact particularly—the housing agency people came to the Committee on Banking and Currency of the Senate and to the Banking and Currency Committee of the House and asked to be released from those restrictions. Now we are being asked that the restrictions be reimposed. We ran for half a year with only 213 units accounted for, when there was authorization for 35,000. They asked us to remove the restrictions.

The third point, Mr. President, is this: It is easy to talk about a workable program, and it is easy for a large city to have a workable program. They have their staff; they can plan; they can spend the money necessary to work up a plan such as the Southwest development program in Washington, D. C. But the smaller cities, the towns, the semirural areas, which are just getting started in this program, would be virtually eliminated by any such provision written into the law as has been suggested.

Mr. President, it would handicap the program for which we have voted. It would virtually limit it to the metropolitan areas, and, I believe it would not do the job which Congress desires to have done.

I earnestly ask that the amendment be rejected.

Mr. BRICKER. Mr. President, in response to what has been stated by the distinguished Senator from Alabama, I wish to read a portion of a letter from the Office of the Administrator:

The requirements for a workable program are, of course, much less complex for smaller communities than they are for the larger metropolitan centers. In addition, the smaller communities can make use of special aids provided in the Housing Act of 1954, such as planning grants to State bodies to offer assistance to communities under 25,000 population. As a result, even the smallest communities have been able to meet the planning and other requirements necessary for a well-rounded, workable program and are keeping pace with the larger cities, as the record shows.

A breakdown by population group follows:

Number of cities with approved programs

Population:	
Less than 5,000.....	5
5,000-10,000.....	14
10,000-25,000.....	21
25,000-50,000.....	8
50,000-100,000.....	7
100,000-250,000.....	18
250,000-500,000.....	7
500,000-1,000,000.....	11
1,000,000 and over.....	5

Mr. President, I do not like to hear the smaller communities deprecated on the floor of the Senate as they have been. I think they are just as able to work out their problem as are the larger cities.

Mr. BUSH. Mr. President, have the yeas and nays been ordered on this amendment?

The PRESIDING OFFICER. The yeas and nays have been ordered.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BUSH]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. SMATHERS. I announce that the Senator from Kentucky [Mr. CLEMENTS], the Senator from Mississippi [Mr. EASTLAND], and the Senators from North Carolina [Mr. ERVIN and Mr. SCOTT] are absent on official business.

The Senator from Tennessee [Mr. KEFAUVER] and the Senator from West Virginia [Mr. NEELY] are necessarily absent.

On this vote, the Senator from Kentucky [Mr. CLEMENTS] has a general pair with the Senator from Indiana [Mr. CAPEHART].

I further announce that, if present and voting, the Senator from Kentucky [Mr. CLEMENTS], the Senator from Tennessee [Mr. KEFAUVER], the Senator from West Virginia [Mr. NEELY], and the Senator from North Carolina [Mr. SCOTT] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIREN], the Senator from Maryland [Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from Idaho [Mr. DWORSHAK], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Ohio [Mr. BENDER], the Senator from Pennsylvania [Mr. DUFF], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Mary-



land [Mr. BUTLER], the Senator from Illinois [Mr. DIRKSEN], and the Senator from Vermont [Mr. FLANDERS] are detained on official business.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Kentucky [Mr. CLEMENTS] and the Senator from Pennsylvania [Mr. DUFF] is paired with the Senator from Ohio [Mr. BENDER]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Ohio would vote "nay."

The result was announced—yeas 32, nays 44, as follows:

## YEAS—32

Allott	Hruska	Purtell
Barrett	Jenner	Robertson
Bennett	Knowland	Saltonstall
Bricker	Kuchel	Schoeppel
Bush	Malone	Smith, N. J.
Byrd	Martin, Iowa	Thye
Carlson	Martin, Pa.	Watkins
Case, S. Dak.	Millikin	Welker
Cotton	Mundt	Williams
Curtis	Payne	Young
Goldwater	Potter	

## NAYS—44

Anderson	Holland	McNamara
Bible	Humphrey	Monroney
Case, N. J.	Ives	Morse
Chavez	Jackson	Murray
Daniel	Johnson, Tex.	Neuberger
Douglas	Johnston, S. C.	O'Mahoney
Ellender	Kennedy	Pastore
Frear	Kerr	Russell
Fulbright	Laird	Smathers
George	Langer	Smith, Maine
Gore	Lehman	Sparkman
Green	Long	Stennis
Hayden	Magnuson	Symington
Hennings	Mansfield	Wofford
Hill	McClellan	

## NOT VOTING—19

Aiken	Dirksen	Kefauver
Beall	Duff	McCarthy
Bender	Dworshak	Neely
Bridges	Eastland	Scott
Butler	Ervin	Wiley
Capehart	Flanders	
Clements	Hickenlooper	

So Mr. BUSH's amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move to lay on the table the motion of the Senator from Texas to reconsider the vote by which the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas to lay on the table the motion of the Senator from Texas to reconsider the vote by which the amendment was rejected.

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, I want the RECORD to show clearly that I regard Senate bill 3855 as bad legislation, and that I shall vote against it.

I ask unanimous consent that a statement I have prepared relating to the bill be printed at this point in the RECORD as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

## STATEMENT BY SENATOR BYRD

I want the RECORD to show clearly that I regard Senate bill S. 3855, the Housing Amendments of 1956, as bad legislation, and that I shall vote against it.

In short, the bill would make even looser the loose law under which Federal housing programs are now operating.

Administration of this loose law for years has been characterized by loose administration. Current audits by the United States General Accounting Office indicate that the administrative elements which breed housing scandals still persist.

Cap the combination of loose law and loose administration with billions of dollars of public credit and money and, in the name of providing homes, you have built an Augean stable for those who exploit the programs.

Since 1933 nearly \$70 billion in public credit and money has been made available through Federal housing programs. Of this gross total, \$52 billion has been in programs now under the Housing and Home Finance Agency. Of this HHFA total \$38 billion has been through the Federal Housing Administration alone.

I cite these gross figures in connection with the loose law and the documented inefficiencies and irregularities in administration to demonstrate the clear invitation to the kind of fraud which exists in Federal housing programs.

As proof, criminal, civil, and tax litigation involving Federal housing programs may be found on the records and dockets of courts across the Nation.

I am in receipt of a letter from Mr. Albert Cole, Administrator of the Housing and Home Finance Agency, dated May 22, 1956, in which he says in the 19 months between October 1, 1954 and April 30, 1956 HHFA investigations have resulted in 1,715 individual administrative actions and criminal convictions, including some monetary recoveries. He says also there are 1,178 pending cases currently assigned or receiving investigative attention, and that there are 1,224 cases which have been transmitted to constituent agencies concerned under HHFA, the Department of Justice, the Department of Labor, Internal Revenue Service, Civil Service Commission and other appropriate agencies.

I commend Mr. Cole for the action he has taken. It points up the weaknesses inherent in Federal housing programs.

A special unit in the Department of Justice has been set up to handle housing frauds.

The Attorney General of the United States, in his annual report, said: "The agencies principally concerned with criminal matters under the National Housing Act are Housing and Home Finance Agency, Federal Housing Administration, Public Housing Administration, Federal National Mortgage Association, Community Facilities Administration, Urban Renewal Administration, and Home Loan Bank Board."

He said the criminal offenses which occur as a result of operations under the Housing Act include bribery, perjury, conflicts of interest, and offenses under the false-statement statutes.

There are more than a half dozen huge civil-windfall cases pending in Federal courts at this time.

The famous Gross-Morton Federal tax case is before the United States Court of Appeals, second circuit, on appeal from the United States Tax Court.

Two FHA military-housing cases are pending before the United States Supreme Court.

Mr. Cole has advised me previously that military housing under FHA has been a subject of litigation or opinions by the Attorneys General in at least 40 of the 48 States.

Since the establishment of the special housing frauds unit in the Department of Justice there have been hundreds of indictments and informations. During the past year there were 230 convictions and sentences.

Under this kind of a record, what does this bill do? According to the committee report:

It increases the loans and maturity, and more administrative flexibility is authorized in the title I home repair (suede shoe) program. This is the program where home repair loans were being used to pay alimony, build bird baths, etc.

It lowers the requirements for veterans' occupancy in co-op housing projects.

It adds \$3 billion to outstanding insurance under FHA.

It increases the cost of apartments in high-cost urban-renewal areas.

It increases the cost, allows 100 percent mortgaging-out mortgages, and extends the maturity on low-cost housing under section 221 to provide housing for families displaced by the slum-clearance program.

It increases the cost of military housing, raises the insurance authorization to \$3 billion, and extends the program to 1959.

It sets up a new program of 40-year mortgages for elderly people, and allows 100 percent mortgaging-out mortgages.

It drives a wedge in the cost certification requirements and adds a 10-percent profit to the actual-cost allowance in multifamily housing projects.

It increases Federal funds for college housing. The Treasury borrows long-term money for about 3 percent and, under this program it lends it to HHFA for 2½ percent. The HHFA lends it to colleges for 2¾ percent.

It discourages payment by local governments of more than one-third of the net costs of urban-renewal projects and increases the capital-grant authorization. The Federal Government pays up to two-thirds of the net cost of local slum-clearance programs.

These pending amendments are examples of what I mean when I say this bill would make even looser the already loose housing laws.

I have tried unsuccessfully in the past to tighten them up. My amendments were adopted by the Senate and deleted in conference. I was told that my amendments for responsibility, full disclosure, and ordinary, orthodox business requirements, such as keeping books and certifying costs, would result in no Federal housing. In other words, those who exploit the programs through windfalls, mortgaging out, tax dodges, etc., would neither cooperate nor participate if they were required to conform to ordinary honest business practice.

I reject such an attitude.

I will not be a party to dumping more billions of dollars into these programs while they are operated under such loose law and loose administration.

I shall vote against this bill which would make the law looser, do nothing to tighten up the administration, and make more money available for those who would exploit the programs.

I shall cast this vote in the interest of the citizens of this Nation who may be double victims in housing scandals. As buyers and renters they may be victimized by exploitation of the programs and as taxpayers they may be victimized through their own responsibility for the public risk incurred through these Government programs for private profit.

On May 3, 1956, I wrote to Mr. Albert M. Cole, Administrator of the Housing and Home Finance Agency, asking for copies of reports by the investigations divisions of each of the component agencies of HHFA covering investigations of illegalities, irregularities, and infractions investigated, findings and dispositions since August 31, 1954, or a summary of their activities. August 31 was the cutoff date for the so-called McKenna investigation of the 1954 FHA scandals.



I am today in receipt of a letter from Mr. Cole, as follows:

MAY 22, 1956.

Hon. HARRY F. BYRD,  
United States Senate:

Reference is made to your letter dated May 3, 1956, requesting information concerning investigative matters relating to this Agency and its several constituents.

On October 1, 1954, I established within my office a consolidated Compliance Division for the office of the Administrator, Federal Housing Administration, Public Housing Administration, Community Facilities Administration, Urban Renewal Administration, and Federal National Mortgage Association, to investigate any matters relating to the housing programs, as directed by the Administrator or requested by the heads of the constituents; to act as liaison between these agencies and the Department of Justice in criminal matters; and to conduct inspections for the purpose of assuring integrity and effectiveness in the conduct of the operations and performance of activities in accordance with established policy and procedures.

The records of the Compliance Division reflect that during the period from October 1, 1954, to April 30, 1956, investigative action has been completed in 1,746 cases referred to or initiated by the Compliance Division of the Housing and Home Finance Agency.

As a result of action taken with respect to the 1,746 matters referred to above, 1,715 individual administrative actions, criminal convictions, and/or monetary recoveries have been effected, as follows:

1. Restrictive or debarment actions:

Eight hundred and twenty-four administrative actions have been taken which resulted in restrictive or debarment measures being applied to an equal number of firms or individuals as their activities relate to the housing programs.

Forty-four restrictive measures previously instituted were rescinded.

2. Department of Justice:

Eighty-seven criminal convictions have been obtained to date out of 574 referrals to the Department of Justice.

NOTE.—To establish an absolute figure as to the status of the criminal referrals still pending in the Department of Justice, you may consider communicating with the Attorney General.

3. Personnel actions:

Fifty-five employees were subjects of action by their respective agencies, as a result of investigations.

4. Monetary recoveries:

One hundred and thirty-seven monetary recoveries and/or savings to constituent agencies, to local public authorities or agencies, amounted to \$421,199.25.

5. Miscellaneous actions:

One hundred and forty-nine various actions were taken, such as: Revision of regulations; issuance of cease-and-desist orders; and correction of construction deficiencies.

6. No action warranted:

Four hundred and nineteen matters were reviewed and/or were the subject of preliminary investigation, which resulted in determinations by constituent agencies that no action of an administrative or legal nature was warranted.

In addition to the foregoing investigative actions completed, the Division handled 711 complaints, personnel preemployment checks, etc., which because of their nature, were not set up as individual investigative cases and were not included in the statistical case count.

As of April 30, 1956, there were:

One thousand one hundred and seventy-eight pending cases currently assigned or receiving investigative attention. Of this number, 1,098 related to FHA.

One thousand two hundred and twenty-four pending inactive cases. Investigation has been completed in these cases and re-

ports of investigation have been transmitted to the constituent agencies concerned. Of these cases, 315 referrals have also been made to the Department of Justice, Department of Labor, Internal Revenue Service, Civil Service Commission, or other appropriate department or agency. These cases will be closed in the Compliance Division when report of disposition is received from the constituent and/or other department or agency of the Government as to their final action.

I trust that this information answers your inquiry. If you desire further information, Oakley Hunter, General Counsel, and Lester P. Condon, Director of the Compliance Division, will be pleased to meet with you or your staff at your convenience.

Sincerely yours,

ALBERT M. COLE,  
Administrator.

ABSTRACTS OF REPORTS OF AUDITS CONDUCTED BY THE UNITED STATES GENERAL ACCOUNTING OFFICE IN FHA INSURING OFFICES IN NEW YORK, KANSAS CITY, AND CLEVELAND, AND ON 22 SLUM CLEARANCE-URBAN RENEWAL ADMINISTRATION PROJECTS IN 15 CITIES

It should be noted that, although reference is made to some specific projects as examples, these audits are primarily directed to administration, practices and procedures audited in the limited number of FHA and slum clearance-URA operations reached to date.

NEW YORK CITY INSURING OFFICE

The General Accounting Office report on its audit in the New York City insuring office of the Federal Housing Administration under the Housing and Home Finance Agency was forwarded to Mr. Norman P. Mason, Commissioner, FHA, under a letter dated March 23, 1956, following completion of the audit in the field in May 1955.

The report is in two parts: (1) Underwriting operations, and (2) title I home repair loan operations.

Underwriting operations

The report in the underwriting operations section makes the following findings:

Under the heading "Deferment of Amortization of Mortgage Principal":

1. A windfall of 7 months rental in the Park City project; commencement dates for payments on principal were changed twice during construction. (Alfred Kaskel, sponsor of the project, is among those on FHA's own blacklist of 608 sponsors developed as a result of previous Federal housing scandals.)

2. Similar cases have been found in other FHA offices.

Under the heading "Acceptance of Sponsors Plans for Proposed Projects":

1. The New York office did not insist on plan changes to increase the general desirability of insured projects.

2. It is doubtful whether the office has complied with objectives of FHA minimum planning requirements.

3. It is questionable as to whether objectives of the National Housing Act to encourage improvement in housing standards and conditions have been met.

Under the heading "Needless Preparation of Data by the Architectural Section":

1. The Architectural Section's estimates of redecorating costs were not used in estimating annual operating costs and apparently served no purpose; the Valuation Section computed its own estimates of these costs.

Under the heading "Mortgage Credit Processing":

1. Generally, sponsors' financial statements were accepted without verification.

2. Mortgage credit personnel were inconsistent in treatment of sponsors' personal assets.

3. FHA procedures for analyzing sponsors' financial statements were general and did

not require specific steps to determine either responsibility or reliability of statements.

Under the heading "Valuation of Land":

1. It was not until the GAO views were presented to the FHA Commissioner that actual site costs were considered in arriving at fair market value of land for multifamily housing projects.

Under the heading "Reliability of Information in Applications for Mortgage Insurance":

1. Underwriting personnel did not utilize sponsors' estimates of rentals and operating expenses; the chief appraiser said applications for mortgage insurance were loosely prepared and unreliable.

2. Determination of maximum insurable mortgage was based on the estimated net income of a proposed project; the New York City office independently determined anticipated rental income, basing its estimate on rentals charged in existing comparable projects.

3. Procedures did not require that actual rentals charged conform to either the sponsors' estimates or those independently computed by FHA in determining the maximum amount of insurable mortgage.

Under the heading "Rentals for Open-Air Parking Spaces":

1. Underwriting letter No. 866 prescribes that income anticipated from rental of open-air auto-parking spaces of proposed multifamily projects should not be considered as part of estimated net income used in determining estimated value of the project by the capitalization method, and maximum insurable mortgage.

2. The New York office, in certain cases, included anticipated income from rental of such parking spaces in determining estimated net income.

3. The chief appraiser said the New York City office recommended to Washington that inclusion of open air parking space rental as such income be permitted. If this permission was granted, it was not located.

Under the heading "Review of Construction Cost Data":

1. The cost engineers' estimates are basic in determination of estimated replacement costs; in turn the estimate is basic in determination of maximum net return and estimated settlement requirements.

2. As important as these estimates are supposed to be, they were neither reviewed nor verified.

Title I home repair loan operations

The report on the New York City office, in the title I home repair loan operation section, makes the following findings:

Under the heading "Inadequate Personal Contacts":

1. A number of title I debtors have not been personally contacted.

2. The title I, home repair representatives was physically incapable of making personal contacts required of the position.

KANSAS CITY INSURING OFFICE

The General Accounting Office report on its audit in the Kansas City Insuring Office of the Federal Housing Administration, under the Housing and Home Finance Agency, was forwarded to Mr. Norman P. Mason, Commissioner, FHA, under a letter dated January 18, 1956, following completion of the audit in the field in September 1955.

The report is in two parts: (1) underwriting operations, and (2) title I home repair loan operations.

Underwriting operations

The report in the underwriting section makes the following findings:

Under the heading "Capitalization Method of evaluation for multifamily projects improperly used":

1. To a great extent the amount of risk assumed by FHA as insurer of the mortgage is based on the reasonableness of its own estimates of the value of the property offered as security for a loan.



2. Underwriting files for several projects and discussions with responsible personnel disclosed that underwriting personnel of the Kansas City office did not understand the method of establishing value by capitalization for rental property.

3. The chief underwriter said any section 207 (multiunit rental) project accepted by FHA is entitled to the most liberal rate permissible under FHA regulations. Such a statement is without merit and indicates a complete lack of understanding of the theory of capitalized value. A case in point is Benton Gardens, Inc. (Kansas City, Mo.). (I am advised by sources other than the reports that this project has been withdrawn since the audit was made.)

Under the heading "Capitalization of Amenity Income Method of Valuation Improperly Used":

(The report comments on "owner-occupant" (not rental) properties as contrasted with big multifamily rental projects. It says for owner-occupant properties value by capitalization represents present worth, at a predetermined rate of return, of the theoretical income obtainable if the properties were to be rented over the remaining economic life. FHA calls this amenity income.)

1. The amenity income method of valuation of owner-occupied properties as used in Kansas City office was without merit as a valuation method because the monthly rent multiplier was improperly determined. (The monthly rent multiplier is a factor used in computing capitalized value of owner-occupied houses to give effect to the quality and duration of monthly income.)

2. The chief underwriter indicated he did not know how to prepare a table of rent multipliers.

3. Tables of rent multipliers used in the Kansas City office had not been prepared in that office.

4. Tables of rent multipliers used were not prepared as prescribed.

5. Each valuator used his own methods of computing.

6. The question was raised as to whether this method of valuation should be continued in appraising owner-occupant properties.

7. "Improper valuations not only jeopardize the Government's interest in insured property, but, in a broader sense, they could also affect the entire real estate market in a given area in that overvaluation by FHA may tend to cause an upward trend in prices and undervaluation may tend to cause a downward trend."

Under the heading "Failure To Assemble Underwriting Data":

1. Only a limited amount of valuation and mortgage data had been compiled and it was out of date and incomplete.

2. The Kansas City office failed to follow procedures as follows:

(a) Appraisal data and project information forms were not prepared. (FHA describes this information as most important in estimating the value and judging the economic soundness of a project.) Both the director and the chief underwriter said although the form was required it had never been used. Much of the information was not in the files and where it existed it was not readily available.

(b) Income and operating expense analysis forms were not prepared. This form develops actual income and operating expense figures for each insured project—essential in the process of computing capitalized value in subsequent cases. Capitalized value has been the base of maximum mortgages in all recent 207 multiunit rental projects processed by the Kansas City office.

(c) Project inspection and record reports were not used. (These reports log inspections of the project and its progress.)

(d) When a commitment to insure a 207 multiunit rental project is issued, FHA re-

quires a determination of the obligor's net worth to show his ability to meet liabilities which may arise.) There were no indications that such determinations had been made or that sponsors financial statements had been verified.

Under the heading "Acceptance of Undesirable Sites":

1. Review of case binders and visits to sites revealed 11 section 203 units (1-4 family-housing units) in the same block with substandard housing—decreasing the desirability of the sites.

2. The valuator had rejected several of the units, but upon instructions from the chief underwriter, he reconsidered his appraisal, removed the rejection, and increased his estimate of value.

Under the heading "Need for Closer Review of Underwriting Conclusions and Computations":

1. Many opinions reached in valuation processing were not supported in factual data.

2. Examination of all firm commitments issued in the name of owner-occupants during the 30-day period ended September 12, 1955, disclosed cases where FHA value exceeded selling price.

3. Errors were found in mortgage credit computations, architectural computations, and forms used to compute amounts required to be deposited periodically for replacement of equipment.

Under the heading "Inadequate Supervision by Washington Technical Supervisors":

1. Washington office valuation and mortgage credit specialists had not visited the Kansas City office since 1950.

#### *Title I home repair loan operations*

The report on the Kansas City office, in the title I home repair loan operations section, makes the following findings:

Under the heading "Deficiency in Collection Activity":

1. Collection work on defaulted title I loans requires strengthening.

2. Only a small percentage of defaulted accounts were contacted personally, and collection letters were not used with effective regularity.

3. Because the performance of collection personnel was rate by dollars collected, there was a natural tendency to concentrate on current accounts which are easier to collect. Older accounts received least attention and likelihood of recovery tends to diminish as time passes.

Under the heading "Inadequate Supervision":

1. Collection activities of title I representatives were not reviewed as to adequacy, efficiency, or effectiveness.

#### *CLEVELAND INSURING OFFICE*

The General Accounting Office report on its audit in the Cleveland Insuring Office of the Federal Housing Administration, under the Housing and Home Finance Agency, was forwarded to Mr. Norman P. Mason, Commissioner, FHA, March 7, 1956, following completion of the audit in the field in September 1955.

The report is in two parts: (1) Underwriting operations and (2) title I home repair loan operations.

#### *Underwriting operations*

The report in the underwriting operations section makes the following findings:

Under the heading "Capitalization of Amenity Income Method of Valuation Improperly Used":

1. Estimates of capitalized value of owner-occupied properties were computed erroneously in the Cleveland office and did not provide independent estimates of value.

2. Tables of rent multipliers had not been compiled.

3. Worksheet data from which rent multipliers could be developed had not been maintained.

4. Procedures prescribed for computing estimates of capitalized value were followed in reverse order—capitalized value was determined first arbitrarily, and then a rent multiplier was computed to substantiate the capitalized value.

5. Improper valuations not only jeopardize the Government's interest in the insured property, but in a broader sense they could also affect the entire real-estate market in a given area in that overvaluations by FHA may tend to cause an upward trend in prices and undervaluation may tend to cause a downward trend.

Under the heading "Failure to accumulate underwriting data":

1. Valuation data considered necessary in arriving at sound underwriting conclusions with minimum time and effort either were not maintained or were not correct.

Under the heading "Value of multifamily projects by capitalization of net income improperly determined":

1. Review of files on 2 rental projects indicated value by capitalization was incorrectly determined. They were Babbit Gardens, Inc., Euclid, Ohio, and Forestview Terrace Apartments, East Cleveland.

2. The estimated value by capitalization of these projects was too high and resulted directly in one instance, and indirectly in another, in larger mortgages insured by FHA than conditions warranted. "Because of the several questionable determinations made in both cases we would like to call attention to the coincidence that FHA's computed values by capitalization resulted in mortgage amounts approximating those sought by the sponsors."

Under the heading "Questionable handling of a minority group cooperative":

1. The Warren Co-op Homes, Inc., Warren, Ohio, a minority group cooperative, was approved for insurance by FHA despite evidence that the project was financially unsound. "We believe the evidence normally would have resulted in FHA's rejection of this project for insurance. There are indications in this case, however, of fear of adverse publicity and possible outside pressure."

Under the heading "Mortgage processing deficiency":

1. FHA mortgage credit analysis in the Broad Rock Corp. project, Parma, Ohio, and the Warren Co-op project, Warren, Ohio, and the owner-occupant case No. 543269 are cited as examples of deficient mortgage credit financing.

Under the heading "Training of underwriting personnel":

1. The Cleveland office did not comply with underwriting manual requirements for continuing training of underwriting personnel and annual examinations for all underwriting technical employees below the rank of chief underwriter.

Under the heading "Inadequate Supervision by Washington Technical Supervisors":

1. The Cleveland office had not been visited by FHA headquarters valuation specialists for 5 years, or by mortgage credit specialists for 2 years.

#### *Title I home repair loan operations*

The report on the Cleveland office, in the title I home repair loan operations section, makes the following findings:

Under the heading "Deficiencies in Control of Cash Collections":

1. There was no control in effect assuring an accounting of all collections received by mail.

2. A number of delinquent title I debtors were not being contacted personally.

3. Because the performance of collection personnel was rated according to dollar collections, there was a natural tendency to concentrate on current accounts which are easier to collect. Old accounts received less attention and likelihood of recovery diminished with passing time.



Under the heading "Collection Cost Studies of Defaulted Loans":

1. They were not being made.

Under the heading "Reopening of Bankruptcy Cases":

1. The procedure was cumbersome and unnecessarily costly in time, effort, and money.

Under the heading "Exchange of Credit Information":

1. Multiple title I loans to an individual borrower in the Cleveland areas were not disclosed unless they were all processed by the same lending institution. There was no procedure for exchange of credit information among the lending institutions.

#### SLUM CLEARANCE—URA

The General Accounting Office report on its audit in slum clearance activities of local public agencies, title I of the Housing Act of 1949, under the Urban Renewal Administration, a component of the Housing and Home Finance Agency, was forwarded to Mr. James W. Follin, Commissioner, URA, under a letter dated March 19, 1956, following completion of the audit in the field in August 1955.

The report is based on a review of 26 projects in 15 cities. It is in 6 parts: (1) Introduction, (2) general, (3) eligibility of projects, (4) land acquisition activities, (5) management of properties, and (6) relocation of site families.

#### General

The report, in the general section, makes the following findings:

1. Weaknesses and deficiencies were found in Local Public Agency activities.
2. One of the principal reasons for weaknesses and deficiencies was the almost exclusive reliance by URA regional personnel on URA-project representatives and HHFA's internal audit staff.
3. The scope of both the URA project representatives and the HHFA's internal audit staff has been too limited.
4. Planning in initial stages of many projects has been inadequate, particularly with respect to (1) financing, (2) assuring adequate suitable relocation housing, and (3) employment of qualified Local Public Agency personnel.

#### Eligibility of projects

Under the heading "Kansas City, Mo., Northside Project":

1. Federal participation was not justified. Federal funds were not spent in furtherance of the program's objectives, which are improvement of housing conditions, but rather in assisting a local public works program.

#### Land acquisition

The report, in its land acquisition section, makes the following findings:

Under the heading "Failure To Coordinate Plans":

1. Uncoordinated acquisition programs of the metropolitan district commission and the local public agency resulted in unnecessary acquisition costs in connection with the Linwood Joy project at Somerville, Mass.

Under the heading "Failure To Prepare and Submit Project Parcel Appraisals":

1. Despite requirements St. Paul, Minn., and Kansas City, Mo., local public agencies did not prepare and submit two appraisals for each parcel in their respective projects; eastern and western projects in St. Paul, and Attacks and Northside in Kansas City.

2. Parcel appraisals for the St. Paul projects were not made in the final planning stages for submission with the loan and grant applications.

3. Second appraisals in the Kansas City projects were made on a selective parcel basis instead of on all-inclusive parcel-by-parcel basis.

4. Parcel appraisal at the development stage in the St. Paul projects were made by

two appraisers who collaborated instead of working separately and independently.

5. In approving the Federal loan and grant for the St. Paul projects, URA accepted assessed valuation of the parcels instead of appraised valuation, as a basis for estimating project land acquisition costs. (Approval of a project by URA is dependent in part on the relation of estimated cost of acquiring project land to its estimated reuse or resale value.)

Under the heading "proposals for appraisal work":

1. Only 3 of 15 Local Public Agencies solicited proposals from several qualified appraisers before letting contracts for appraisal work.

Under the heading "Prohibited Interest":

1. An appraiser was engaged in the St. Louis Memorial Plaza project to make a land reuse appraisal. He was also a director of a corporation proposing to develop the project. He established the reuse value of the project land at \$400,000. Other appraisals placed the reuse value at \$1,247,075 and \$1,550,000.

Under the heading "Compensation for Appraisal Work":

1. Appraisal fees paid in the Detroit Gratiot project were 33 percent higher than the rates established by the Detroit Real Estate Board.

Under the heading "Payment of Interest on Condemnation Awards":

1. Interest payments at 5 percent were made by the Detroit Local Public Agency on condemnation awards for land acquired for the Gratiot project. Federal loan funds at 2½ percent were not available pending compliance with legislative and administrative requirements. Proper fiscal planning by the city would have provided sufficient funds for prompt payment.

Under the heading "Failure To Negotiate Purchase of Project Lands":

1. Condemnation awards to property owners of 496 contested parcels of land in the Detroit Gratiot project exceeded appraised valuation by \$1,007,807 or 25 percent.

Under the heading "Delays in Negotiating Purchase of Project Land":

1. Option negotiations for purchase of land in the Cleveland, Ohio, Longwood project were turned over to the city law division. They were far behind schedule, resulting in costly relocation and demolition delays.

Under the heading "Fees Paid Option Negotiators":

1. At the Chester, Pa., Bethel Court project, the Norfolk, Va., redevelopment project No. 1, and the Perth Amboy, N. J., Willocks and Forbesdale projects, option negotiators were paid fees on all parcels assigned them, irrespective of whether offers to sell were acceptable to the local public agencies.

#### Property management

The report, in its property management section, makes the following findings:

Under the heading "Inadequate Rental Collection and Accounting Practices":

1. In 7 of the 15 local public agencies, one or both of the following weaknesses existed:

- (a) Project employees could not determine from accounting records: (1) Gross rentals due from site tenants each month, (2) site tenants who had or had not paid their rent, (3) delinquent rents outstanding and the period of delinquency, and (4) the basis upon which forgiveness of rents had been approved; and

- (b) Procedures for following up on delinquents for collection.

Under the heading "Inadequate Protection of Site Property":

1. Few local public agencies made any effort to protect site property from theft and vandalism, other than to rely on routine police protection.

#### Relocation

The report, in its relocation section, makes the following findings:

Under the heading "Relocation Plans":

1. The requirement that local public agencies must assure that all families to be displaced from a slum clearance area can be satisfied from decent, sanitary, and safe housing available or to be provided was not met in numerous areas. Those cited as having difficulty were Chester, Pa., (Bethel court project), Detroit (Gratiot project), Cleveland (Longwood project), and Knoxville (Riverfront-Willow Street project).

Under the heading "Qualification of Relocation Staff":

1. The Knoxville, Tenn., local public agency relocation manager had not performed satisfactorily. The URA regional director notified the local public agency May 18, 1955, that unless a qualified person was employed, funds could not be used to pay the salary for that position after June 1, 1955. The regional director's memorandum was based on a relocation adviser's report listing seven specific deficiencies in the relocation managers qualifications.

Under the heading "Prolonged Relocation Period":

1. Relocation at the Birmingham, Ala., Medical Center project was to take 5 years. Quarters vacated by site tenants may be re-rented to offsite tenants. "A lengthy period and the practice of renting slum site dwellings to offsite tenants do not promote the objective of slum clearance." There is no point in relocating one group of people and re-renting the same slum dwellings to another group. Such a practice doubles relocation costs.

Under the heading "Financial Assistance Policies and Practices":

1. Financial assistance practices of the Jersey City, N. J., local public agency on the Gregory and St. John projects were extremely liberal to site tenants.

Under the heading "Financial Assistance to a Hospital":

1. In Little Rock, Ark., moving expenses were paid for a hospital in connection with the Dunbar project. There was no authority to pay such expenses for a non-family site occupant.

Under the heading "Inspection of Relocation Dwellings":

1. In the Cleveland, Ohio, Longwood project site families were being relocated in October 1954. Provision for formal relocation inspection service was not instituted until May 1955.

Under the heading "Relocation in Public Housing":

1. In certain localities available low-rent public housing was not utilized to the extent desired as a resource for relocation. Little Rock, Kansas City, St. Paul, and Chester, Pa., were cited.

2. This failure was attributed to lack of cooperation between local public agencies and local public-housing authorities, antipathy of families for public housing, and lack of housing units.

Under the heading "Tenant-Landlord Relationship":

1. In Jersey City rentals were not established on 25 site properties in the Gregory project. Avoidance of tenant-landlord relationship was intentional in order to expedite eviction if desired.

Under the heading "Followup on Lost Families":

1. The whereabouts of 278 families formerly living in the Detroit Gratiot project area were unknown and they were considered as lost families. Effort was started to trace them 3 years after relocation was started.

#### Disposition of project land

The report, in its disposition of project land section, makes the following findings:



Under the heading "Option Agreements of Gratiot Project Lands":

1. In June 1953 Detroit contracted with the Housing Corporation of America for redevelopment of the Gratiot project area. The corporation deposited \$92,638 with the city for a 36-week option to purchase project land. In February 1954 the corporation was granted a 28-week extension to obtain mortgage money. In June 1954 the corporation declined to exercise its option and withdrew. The full deposit was refunded.

Under the heading "Local Delays in Approving Final Project Development Plans":

The Detroit Gratiot project was started in 1946. As of December 1955 disposition of the project lands to be developed for residential use had not begun because the mayor and the city council had not approved the final development plan. Delay continually increased the net cost of the project, two-thirds of which was to be paid by the Federal Government. Interest expense and payments in lieu of taxes on this vacant land were being incurred at an annual rate of more than \$100,000. Administrative costs were in addition.

#### *Failure to maintain adequate records*

The report, in its failure to maintain adequate records section, makes the following findings:

1. At Norfolk, Va., local public agency land data files of 41 parcels acquired for Redevelopment Project No. 1 either could not be located or did not contain complete data.

2. Jersey City, N. J., local public agency was unable to furnish any record showing the basis upon which appraisers and option negotiators were selected for the Gregory and St. John projects.

3. The Perth Amboy, N. J., local public agency did not have on file project surveys or other data which served as a basis upon which the Willocks and Forbesdale projects were found eligible for assistance.

4. The Detroit local public agency did not have a record to support the basis of the fee paid the appraiser of parcels in the Gratiot project.

#### *FAILURE TO IMPLEMENT THE LAW*

The Housing Act of 1954 contained provisions for cost and record certifications as a safeguard against windfall scandals.

In 1955, a full year after enactment, I was advised that Federal Housing Administration was not enforcing the law; had not set up procedures for enforcement; had not promulgated regulations for enforcement. I communicated an inquiry to the Comptroller General of the United States.

The Federal Housing Administration promised action.

Recently, nearly 2 years after enactment, I inquired again as to whether Federal Housing Administration was enforcing the law. As of May 8, 1956, I received from the United States General Accounting Office the following self-explanatory advice:

*"FHA action on sections 227 and 814 since October 19, 1955"*

"Section 227 of the National Housing Act requires the Federal Housing Administration to obtain cost certifications from mortgagors of multi-family housing projects prior to final endorsement of a mortgage by the Federal Housing Administration. The purpose of the certification is to preclude so-called windfall profits. Section 814 of the Housing Act of 1954 requires mortgagors to certify that they will keep records as are prescribed by the Federal Housing Commissioner and authorizes the Government to examine and audit such records.

"Since October 19, 1955, the following action has been taken by the Federal Housing Administration with respect to sections 227 and 814.

"On November 22, 1955, the Commissioner, Federal Housing Administration, acknowl-

edged receipt of letter from the General Accounting Office dated June 29, 1955, a copy of which was sent to Senator BYRD on October 19, 1955.

"FHA held meetings on December 12 and 13, 1955, to discuss the feasibility of having cost certifications certified by independent public accountants and suggested in our letter. These meetings were attended by counsel for the National Association of Home Builders, officials of the American Institute of Accountants, and Public Accountants Association, practicing certified public accountants, members of the General Accounting Office, Division of Audits, and officials of FHA. All present agreed that it was essential for FHA to define "actual costs" and develop a statement of cost principles for use in determining allowable and unallowable elements of cost. Such a statement of cost principles has not yet been developed by FHA.

"Effective December 20, 1955, the Federal Housing Administration amended their Administrative Rules and Regulations to prescribe that, if a project is constructed under a cost-plus-fixed-fee contract, cost certifications must be certified by an independent public accountant, in a form satisfactory to the Commission. Cost-plus-fixed-fee contracts must be used where an identity of interest exists between the mortgagor and the builder. These amendments were transmitted (together with unrelated amendments pertaining to mortgage insurance on existing trailer courts) to FHA field offices and approved mortgagees on January 18, 1956. A member of our audit staff noted that the transmittal letter to field offices specified that the amendments were applicable to Administrative Rules and Regulations for sections 207 and 213, but were silent as to sections 220 and 221. Our representative called this to the attention of an official of FHA on January 24, 1956, and was advised that a revised letter would be issued. Approximately a month later, a corrected letter, also dated January 18, 1956, was issued and specified that the amendment was also applicable to section 220.

"Although project mortgagors under section 221 of the act are required to submit cost certifications neither the corrected letter nor any succeeding letter to field offices has specified that the revision is applicable to this section. This omission has had no adverse effect to date because no section 221 projects have been committed for insurance and because the portion of the Administrative Rules and Regulations pertaining to cost certifications have by reference, been made applicable to section 221.

"In addition to the above action in our opinion further action is required to properly implement the requirement of certifications by independent public accountants. The following has not yet been accomplished.

"1. A revised agreement and certification (FHA form 3305) wherein mortgagors agree to the terms of the submission of cost certifications has not been issued. The revised form should provide for the mortgagor to agree to obtain the independent public accountant's certification. Revision of this form and prompt issuance to field offices is essential because continued use of the current agreement and certification form can result in an avoidance of the provisions of the amended Administrative Rules and Regulations.

"2. With respect to the certification required from the independent accountants, we note that 'a form satisfactory to the Commissioner' has apparently not yet been developed.

"3. Prescribed administrative procedures for field offices regarding cost certifications have not been amended to include references to the requirement for submission of independent public accountants' certification of

mortgagors actual cost of construction on cost plus fixed fee contracts. In fact, the Cooperative Housing (sec. 213) letter of instruction number CH 110 was recently superseded by a new letter (CH 146) which made no reference to the new requirement. We have spoken to officials concerned with the issuance of such instructional letters and they indicate that they have not considered, nor are they presently considering, amending cost certification procedural letters.

"4. The underwriting instructions for processing of cost certifications have not been amended to include provision for a review of the certification of the independent public accountants to determine if it conforms to FHA's requirements.

"5. The underwriting instructions pertaining to valuation of proposed multi-family projects have not been amended to provide allowance for reasonable fees for accounting services in FHA's estimate of replacement cost of projects.

"6. Instructions have not been issued to the field officers requiring them to inform the FHA Audit Division of commitments issued subject to the new provision of the Administrative Rules and Regulations. Such information is necessary so that the Audit Division may arrange conferences with the mortgagor and independent public accountant to receive any uncertainties which may exist.

"7. Field offices have not been advised that they have the authority to request the FHA Audit Division to make audits of mortgagors' records in connection with cost certifications submitted under the Administrative Rules and Regulations in effect prior to the December 20, 1955 amendments. We have been informed that currently the FHA Audit Division is only making such audits prior to final endorsement of mortgages for insurance only on special request. To date, the Audit Division has audited cost in approximately 8 cases; most of these audits were made subsequent to final endorsement and incidental to a general examination of the mortgagor's operations.

"Although the number of multifamily housing mortgages committed for insurance is sharply reduced since the enactment of the Housing Act of 1954, this does not, in our opinion relieve FHA of its obligation to effectively implement sections 227 and 814. The fact remains that mortgages on multifamily housing projects are being insured. Approximately 8 mortgages requiring cost certifications have been initially endorsed for insurance between December 20, 1955, the effective date of the amended Administrative Rules and Regulations and March 31, 1956."

#### *SUMMARY OF PUBLIC CREDIT AND MONEY MADE AVAILABLE THROUGH FEDERAL HOUSING PROGRAMS*

During the 22 years since 1933 the Federal Government has used public credit and funds to subsidize domestic housing to a gross total of more than \$69 billion—\$52 billion in programs under the Housing and Home Finance Agency, \$17 billion in veterans housing programs, and \$1 billion in farm housing programs.

This public credit and money has been in the form of guaranteed, insured, and direct loans, direct appropriations, appropriations for payments in lieu of taxes, appropriations for the purchase of capital stock, etc.

This credit has been made available in the form of contingent debt, and the money has been made available by direct drafts on the Treasury outside of budgetary control and appropriation procedure, as well as through direct appropriations and just about every other conceivable financing device.

There is already a high degree of loss in the money that has gone out through direct



appropriations. The loss in insured guaranteed, and direct loans is impossible to estimate. Most of the loans are for long terms ranging up to 40 years.

Gross reserves from earnings for all the housing programs, exclusive of Federal Home Loan Banks and the Federal Savings and Loan Insurance Corporation, total \$405 million against approximately \$35 billion in direct, guaranteed, and insured loans outstanding.

Most of the authority to lend directly, purchase mortgages, and insure loans is set up in revolving funds to provide continuing use of the authority.

A summary, in gross figures, of public credit and Federal funds used in HHFA, veterans and farm home programs since 1933 is set forth in a table which follows. The figures in the table are gross and they do not reflect such payments as have been made.

The purpose of the table is simply to show the tremendous extent to which public credit and Federal funds have been used to subsidize housing in this country.

The \$69 billion total is more than all of the agricultural subsidies in this period; it is more than all of the transportation subsidies, including the postal deficit; and it is more than all the foreign aid.

*Summary of public credit and money (gross) which have been made available under Federal housing programs, 1933 to June 30, 1955*

[In thousands of dollars]

Program	Authority to make loans, grants, purchase mortgages, and insure loans		Authority to expend from public debt receipts			Appropriations		Administrative expenses	Reserves from earnings	Payments to U. S. Treasury (interest, dividends, and capital)	
	Total current authority	Cumulated gross total authority used	Total current authority	Gross amount borrowed	Owed to Treasury	Total	Unexpended balance				
HOUSING AND HOME FINANCE AGENCY											
Authority to make loans, grants and purchase mortgages:											
Office of the Administrator:											
College housing loans.....	2 300,000	81,798	300,000	81,500	81,500			1,337		2 2,263	
Slum clearance and urban renewal:											
Loans.....	1 1,000,000	80,017	1,000,000	55,000	48,000	67,000	14,083	9,104	{		
Capital grants.....	500,000	52,918				1,000	1,000				
Urban planning grants.....						1,542	1,486			42	
Public works planning.....											
Federal National Mortgage Association:											
Special assistance functions.....	300,000		300,000	5	5			5			
Management and liquidating functions 4.....	2,656,770	2,904,027	2,656,770	4,151,616	1,965,509			17,097	35,683	234,532	
Secondary mortgage operations (trust fund).....	1,092,820	9,162	1,000,000					59			
Home Loan Bank Board:											
Federal home loan banks.....	(5)	(5)	1,000,000						40,137	150,917	
Federal Savings and Loan Insurance Corporation.....	(5)		750,000					7,746	149,167	80,680	
Home Owners Loan Corporation.....		3,498,903		3,279,669				272,792		200,000	
Public Housing Administration:											
Administrative expenses.....						45,407	374	85,691	{		
Annual contributions.....	336,000	227,308				237,472	16,097				
Loan authorization.....	1 1,500,000	4,097,556	1,500,000	4,590,256	61,000					2,088	91,680
Total, authority to make loans, grants and purchase mortgages.....	7,685,590	10,951,689	8,506,770	12,158,046	2,156,014	352,421	33,040	393,873	227,075	760,077	
Authority to insure loans:											
Federal Housing Administration:											
Title I:											
Insurance program, sec. 2 (home improvement).....	1 1,750,000	8,714,081				46,577		31,698	37,778	8,333	
Housing insurance program, sec. 8.....		199,654						1,932	735		
Title II:											
Mutual mortgage insurance program, sec. 203 (1- to 4-family).....		19,700,673				41,994		225,281	190,995	59,054	
Housing insurance program, sec. 207-210 (rental).....		428,170									
Housing insurance program, sec. 213 (cooperative).....		416,577				4,170		14,062	1,213	5,557	
Rehabilitation and neighborhood conservation, sec. 220.....								13			
Relocation housing, sec. 221.....								10			
Servicemen's mortgage insurance program, sec. 222.....		26,595						13			
Open-end mortgages, sec. 225.....	22,342,863	10									
Title VI (war housing):											
Sec. 603 (1- to 4-family).....		3,645,212									
Sec. 608 (multiple rental).....		3,440,034									
Sec. 609.....		5,316				5,000		70,475	109,860	6,390	
Sec. 610.....		24,468									
Sec. 611.....		12,516									
Title VII (housing investment insurance program), sec. 701.....						1,000		40		1,108	
Title VIII (military housing), sec. 803.....		661,787				5,000		4,225	11,765	5,441	
Title IX (defense housing):											
Sec. 903.....		500,445						4,184	{		
Sec. 908.....		63,427									
Total, authority to insure loans.....	24,092,863	37,838,977				103,741		351,933	352,345	85,883	
Other:											
Office of the Administrator:											
Revolving fund for liquidating programs:											
Lanham public works.....						65,807		6,093	{		
Defense community facilities:											
Loans.....		3,233									
Grants.....		11,012				20,625					
Advanced planning, non-Federal public works:											
1st advanced planning.....						65,000					
2d advanced planning.....						28,607					
Alaska housing program.....		17,753				19,000					
Loans for prefabricated housing.....		52,444	(10)	36,170							
Public Housing Administration:											
Public war housing.....						1,654,978		119,887	{		
Subsistence homesteads, etc.....						62,454					
Veterans reuse housing.....						442,625					
Homes conversion program.....						90,109					
Total, other.....		84,442		36,170		2,449,206		125,980		582,647	
Total, HHFA.....	31,778,453	48,875,128	8,506,770	12,194,216	2,156,014	2,905,368	33,040	871,786	579,420	1,428,607	

Footnotes at end of table.



Summary of public credit and money (gross) which have been made available under Federal housing programs, 1933 to June 30, 1955—Con.

[In thousands of dollars]

Program	Authority to make loans, grants, purchase mortgages, and insure loans		Authority to expend from public debt receipts			Appropriations		Admin-istrative expenses <sup>1</sup>	Reserves from earnings	Payments to U. S. Treasury (interest, dividends, and capital)
	Total current authority	Cumulated gross total authority used	Total current authority	Gross amount borrowed	Owed to Treasury	Total	Unexpended balance			
VETERANS' ADMINISTRATION										
Guaranteed loans.....	(11)	15,859,364				637,134		106,138	{	7 51,335 4,529
Direct loans.....	580,215	462,871	491,143	491,143	488,166					
Total, Veterans' Administration.....	580,215	16,322,235	491,143	491,143	488,166	637,134		106,138	14,399	55,864
DEPARTMENT OF AGRICULTURE										
Farmers' Home Administration:										
Farm ownership loans:										
Direct loans.....	<sup>12</sup> 19,000	436,043	19,000	463,446	(12)	30,000		(13)		(13)
Insured loans.....	<sup>14</sup> 100,000	107,410						(13)		
Title V, Housing Act of 1949:										
Farm housing loans.....		97,305		97,174	(13)	1,350		(13)		
Farm housing grants.....		364				1,050		(13)		
Contributions.....		111								
Total, Department of Agriculture.....	119,000	641,233	19,000	560,620		32,400				
Grand total.....	32,477,668	<sup>15</sup> 65,838,596	9,016,913	13,245,979	2,644,180	3,574,902	33,040	977,924	593,819	1,484,471

<sup>1</sup> Includes expenditures from appropriated and agency funds.

<sup>2</sup> Lending authority limited by corporate resources, including authority to expend from public debt receipts (col. 3). Generally, authority is equal to authority to expend from public debt receipts.

<sup>3</sup> Interest.

<sup>4</sup> Cumulative since transfer to HHFA; records while under RFC not available.

<sup>5</sup> Dividends.

<sup>6</sup> Figures excluded; Federal home loan banks now privately owned.

<sup>7</sup> Capital.

<sup>8</sup> No monetary limitation; loans to prevent default of insured institutions.

<sup>9</sup> Represents allocations or reallocations to PHA and predecessors on basis of best information available.

<sup>10</sup> Authority to expend from public debt receipts has expired.

<sup>11</sup> Unlimited, except by maximum to which individual loans may be guaranteed.

<sup>12</sup> Amount authorized by Congress for fiscal year 1956. Authority is granted annually.

<sup>13</sup> Not available.

<sup>14</sup> Annual limitation.

<sup>15</sup> Cumulative gross total of loans and grants, mortgages purchased and loans insured. Excludes repayments.

Mr. HOLLAND. Mr. President, I want the RECORD to show clearly that while in general I am in accord with the philosophy of the amendment proposed by the Senator from Connecticut [Mr. BUSH], to use the public housing programs in connection with slum clearance projects, I voted against the amendment because the supreme court of my State has ruled that, for constitutional reasons, none of the housing authorities of my State can set up slum clearance programs, and that, therefore, the housing authorities of my State would be completely precluded from participating in the public housing portions of the proposed legislation under the amendment offered by the Senator from Connecticut.

Mr. MONRONEY. Mr. President, I have sent to the desk an amendment on behalf of myself and the Senator from Oklahoma [Mr. KERR], which I ask unanimous consent to have printed at this point in the RECORD. I desire to explain the amendment.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Oklahoma will be printed in the RECORD.

The amendment is as follows:

On page 8, after line 24, to insert a new section, as follows:

**"NATIONAL DEFENSE HOUSING**

"Sec. 108. (a) Title II of the National Housing Act, as amended, is amended by adding at the end thereof a new section as follows:

"Sec. 230. (a) Notwithstanding any other provision of this title, and in addition to mortgages insured under section 203 or 207, the Commissioner may insure and make commitments to insure any mortgage under this section which meets, except as herein-after provided, the eligibility requirements set forth in such sections: *Provided*, That no mortgage shall be insured under this sec-

tion unless the Secretary of Defense or his designee shall have certified to the Commissioner that the housing with respect to which the mortgage is issued is necessary in the interest of national defense. Any such certification shall be conclusive evidence to the Commissioner of the need for such housing without regard to any other requirement in this act that the project or property be economically sound or an acceptable risk. If the Commissioner determines, notwithstanding any such certification, that the insurance of any mortgage on such housing is not an acceptable risk, he may require the Secretary of Defense to guarantee the Mutual Mortgage Insurance Fund or the Housing Insurance Fund, as the case may be, from loss with respect to any such mortgage insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

"(b) Except as otherwise provided herein, the provisions of this title relating to mortgages insured under section 203 or 207, respectively, shall be applicable to mortgages insured under this section which meet the eligibility requirements of such sections.

"(c) In the case of any mortgage insured under this section meeting the eligibility requirements of section 207, the principal obligation of such mortgage shall, notwithstanding the provisions of section 207 (c) (2), not exceed 90 percent of the estimated value of the property or project when the proposed improvements are completed.

"(d) The Commissioner shall require that each dwelling designed for rental purposes and covered by a mortgage insured under this section shall be held for rental for a period of not less than 4 years after the dwelling is made available for initial occupancy.

"(e) The Commissioner and the Secretary of Defense shall comply with and carry out the purposes of clause (ii) of section 803 (b) (2) of this act, as amended by the Housing Amendments of 1956, in the administration of this section, and for such pur-

poses any reference therein to the Armed Services Housing Mortgage Insurance Fund shall be deemed to refer to the Mutual Mortgage Insurance Fund, or the Housing Insurance Fund, as the case may be."

"(b) Section 305 of the National Housing Act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(h) Notwithstanding any other provisions of this act, the Association is authorized to enter into advance commitment contracts, which do not exceed \$50 million outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 230 a commitment to insure; but of such authorization not more than \$5 million outstanding at any one time shall be available for such commitments in any one State."

On page 9, line 2, strike out "Sec. 108" and insert in lieu thereof "Sec. 109."

Mr. MONRONEY. Mr. President, the amendment is designed to provide a means of supplying privately built defense housing in small amounts, upon rather economical construction plans, the housing to be built by small builders at isolated Army bases, air bases, guided missile test stations, and other places where such bases are being built near small communities.

The two large programs, namely, appropriated housing for the military and the military or Wherry housing, now Capehart housing, still leave a considerable gap in privately built rental housing for military personnel who go to the affected areas when the defense installations are opened.

I have discussed the amendment with the distinguished chairman of the Committee on Banking and Currency [Mr. FULBRIGHT] and with the distinguished chairman of the Subcommittee on Housing [Mr. SPARKMAN]. Both of them feel that the amendment is a step in the



right direction, and varies only to an insignificant degree from what can already be done under present titles of the Housing Act.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. SPARKMAN. May I ask the Senator from Oklahoma if in the amendment he has offered he has included a modification which was suggested in our conversation?

Mr. MONRONEY. Indeed I have. It insures that the same restrictions which apply to the construction of appropriated housing and Wherry housing, in accordance with the findings of the commissioner that such housing shall not be constructed unless it is needed, shall apply to this amendment as well as to appropriated housing which the military construct.

Mr. SPARKMAN. As I understand, the Senator also has modified his amendment so as to make it conformable with a similar provision in the bill relating to military housing.

Mr. MONRONEY. It is identical.

Mr. SPARKMAN. That is, it would require the FHA Commissioner to find that the housing is needed and is economically sound.

Mr. MONRONEY. That is exactly correct, and it is properly safeguarded in that direction. It merely allows the houses, the need for which must be found to exist by the Secretary of Defense, which must be approved by the Commissioner of the Federal Housing Administration, to be admissible to the National Federal Mortgage Association for purchase at par. So it is the cheapest way for the Government to get needed housing at an early time for bases now being constructed, and when no present means exist to supply the need for housing.

Mr. SPARKMAN. Mr. President, if the Senator will yield, I should like to say that my only hesitancy in agreeing to the amendment was, first of all, that it came to us as a new question, but, following the conversation the Senator from Oklahoma had with me and with the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT], he did incorporate the desired modification in his amendment.

One reason why I was a little hesitant about this type of amendment is that our experience with military housing generally has not been too happy. Title 9: Housing, or, at least, military housing generally, has produced the highest percentage of delinquencies. I will admit that we had a program which was hastily gotten together, and perhaps many of the delinquencies resulted because of the haste with which it was prepared.

I do feel that the Senator from Oklahoma is aiming at something which tightens up the looseness which existed in the previous program. I am not sure it does just what is desired. I very frankly said to the distinguished Senator from Oklahoma, as did the distinguished chairman of the committee, that we would be glad to accept the amendment tentatively—that is, take it to conference—and in the meantime we would

check the matter most carefully with the various agencies concerned, and, if necessary, would rewrite the proposal, in order to accomplish the purpose which the Senator from Oklahoma seeks to have accomplished.

Mr. MONRONEY. I appreciate very much the acceptance of the amendment and the agreement to modify it as may need be, in order that small builders may be given a chance to participate in furnishing absolutely indispensable housing on new bases being built. I thank the Senator for agreeing to take it to conference.

Mr. THYE. Mr. President, I should like to inquire of the chairman of the committee which has handled the bill whether it would be possible for the Farm Home Administration to grant loans for the construction of modern milk houses and bulk milk-holding tanks. My reason for making the inquiry is that, under health regulations, in order to qualify for producing grade A milk, many producers must construct modern milk houses and cooling tanks, or bulk holding tanks. Such construction involves the outlay of from \$2,000 to \$2,500. Many young farmers are unable to secure loans to make such construction. Therefore, they are not able to qualify for the production of grade A milk. Being unable to qualify, they suffer a penalty by not being able to receive the price paid for grade A milk, and they may be denied the right to produce for an association or a certain milk market. That is the reason why I asked the question.

Mr. FULBRIGHT. Mr. President, in response to the question of the Senator from Minnesota, I should like to answer that the committee took the position that it would be unwise to specify any particular items. In view of the committee action, I could not answer and say that construction of a milk tank would qualify. I call the Senator's attention to page 4 of the report, which I think contains a statement that is actually responsive to the Senator's inquiry:

In order to serve the needs of homeowners, a program such as that envisioned by title I, which is affected by frequent technological changes in home improvement items, must have sufficient flexibility to permit administrative changes. Consequently, the committee feels that it is now possible to restore considerable discretion to the FHA Commissioner with respect to the eligibility of items. We believe that the statute contains policy guidelines broad enough and yet sufficiently specific to permit a wise administrator to respond to changing circumstances and technology.

We expect the Commissioner to continue the ineligibility of tennis courts, swimming pools, barbecue pits, dog kennels, fire alarm systems, and any other items which in his judgment do not substantially protect or improve the basic livability or utility of properties or which are especially subject to selling abuses. We expect the Commissioner to rely upon the language of the statute in making this insurance program useful to homeowners desiring to repair, improve, or remodel their homes.

As to the specific inquiry of the Senator from Minnesota, I do not think I can add anything to the statement which I have just read. There were a few

specific items which the committee said should not be eligible, and which experience in the past developed should not be included for eligibility. I am afraid I cannot go any further than that in answer to the question of the Senator.

Mr. THYE. Mr. President, I would interpret the discretion of the Administrator to include the granting of such loans, as I have indicated, for the reason that they would improve the earning ability of farmers, and they most certainly would promote the well-being of the community concerned, and would also insure a better product to be marketed by the producer. It would seem to me to be a proper type of loan.

Mr. FULBRIGHT. I think the decision would be up to the Administrator. The committee is not in a position to judge the various sets of circumstances that would confront the Administrator. I think the precise circumstances of the particular applicant would have very important bearing on the decision of the Administrator. It is difficult to generalize on items such as that mentioned by the Senator. That is why the committee refused to undertake such definition.

Mr. THYE. I thank the Senator.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be offered, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. MORSE. Mr. President, before the Senate proceeds to vote on the bill, I should like to engage in a brief discussion of it, because it is of great importance to the people of my State, as well as to the people of the Nation.

The record will show that over my years in the Senate I have fought for the principles embodied in the pending bill, because I think the provision of the bill are as good an example as can be cited of efforts to carry out the promotion of the general welfare clause of the Constitution of the United States.

Mr. President, title II of this bill—"Housing for Elderly Persons"—provides for a new approach to one of the most acute problems facing a large number of our fellow Americans.

It is a problem which I hardly need to describe for the Members of this body. We all know the importance of home living. We know, too, that people of all ages prefer to maintain independent households, and, if possible, to own their own homes.

#### INCOMES OF OLDER PEOPLE ARE INADEQUATE

But for a large number of older people today, Mr. President, housing choices are determined by economic circumstances, rather than by personal preference. According to a recent authoritative study by the Twentieth Century Fund, based on data from the Census Bureau, at least half of Americans 65 and over have incomes inadequate for maintaining minimum standards of living. The study



maintains, incidentally, that an adequate minimum income for the country as a whole is \$1,900. I should prefer to call such an amount a bare minimum.

Mr. HUMPHREY. Mr. President, at this point will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. HUMPHREY. I should like to call the attention of the Senator from Oregon to a chart appearing in the Congressional Quarterly—No. 19—for the week ending May 11, 1956. The chart is entitled "Aged Population Increase." I think the chart is of significance and importance, and I should like to ask unanimous consent to have it printed at this point in the RECORD.

Mr. MORSE. Mr. President, that is an excellent suggestion, and I am glad to have the chart printed at this point in the RECORD.

Mr. HUMPHREY. Then, Mr. President, I ask unanimous consent to have the chart printed at this point in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

*Aged population increase*  
[In thousands]

	Total	65 and over		Percent change, 1940-50	
		Number	Percent of total	Total	65 and over
United States..	150,697	12,270	8.1	14.5	36.0
Alabama.....	3,061	199	6.5	8.1	46.3
Arizona.....	750	44	5.9	50.3	83.3
Arkansas.....	1,910	149	7.8	-2.0	39.3
California.....	10,586	895	8.5	53.3	61.3
Colorado.....	1,325	116	8.8	18.0	34.9
Connecticut.....	2,007	177	8.8	17.4	37.2
Delaware.....	318	26	8.2	19.1	23.8
District of Columbia.....	802	57	7.1	21.0	39.0
Florida.....	2,771	237	8.6	46.1	80.9
Georgia.....	3,445	220	6.4	10.3	38.4
Idaho.....	589	44	7.5	12.2	37.5
Illinois.....	8,712	754	8.7	10.3	32.7
Indiana.....	3,934	361	9.1	14.8	25.3
Iowa.....	2,621	273	10.4	3.3	19.7
Kansas.....	1,905	194	10.2	5.8	23.6
Kentucky.....	2,945	235	8.0	3.5	24.3
Louisiana.....	2,684	177	6.6	13.5	48.7
Maine.....	914	94	10.3	7.9	17.5
Maryland.....	2,343	164	7.0	28.7	32.3
Massachusetts.....	4,691	468	10.0	8.7	26.8
Michigan.....	6,372	462	7.3	21.2	39.6
Minnesota.....	2,982	269	9.0	6.8	26.3
Mississippi.....	2,179	153	7.0	-2.2	33.0
Missouri.....	3,955	407	10.3	4.5	24.8
Montana.....	591	51	8.6	5.7	41.7
Nebraska.....	1,326	130	9.8	.8	22.6
Nevada.....	169	11	6.9	45.5	57.1
New Hampshire.....	533	58	10.9	8.3	18.4
New Jersey.....	4,835	394	8.1	16.2	41.2
New Mexico.....	681	33	4.8	28.0	43.5
New York.....	14,830	1,258	4.5	10.0	36.4
North Carolina.....	4,062	225	-5.5	13.7	43.3
North Dakota.....	620	48	7.7	-3.4	23.1
Ohio.....	7,947	709	8.9	15.0	31.3
Oklahoma.....	2,233	194	8.7	-4.4	33.8
Oregon.....	1,521	133	8.7	39.5	43.0
Pennsylvania.....	10,498	887	8.4	6.0	31.0
Rhode Island.....	792	70	8.8	11.1	29.6
South Carolina.....	2,117	115	5.4	11.4	42.0
South Dakota.....	653	55	8.4	1.6	25.0
Tennessee.....	3,292	235	7.1	12.9	36.6
Texas.....	7,711	513	6.7	20.2	47.8
Utah.....	689	42	6.1	25.3	40.0
Vermont.....	378	40	10.6	5.3	17.6
Virginia.....	3,319	215	6.5	23.9	38.7
Washington.....	2,379	211	8.9	37.0	46.5
West Virginia.....	2,006	139	6.9	5.5	37.6
Wisconsin.....	3,435	310	9.0	9.5	28.1
Wyoming.....	291	18	6.2	15.9	38.1

Source: Census Bureau.

Mr. HUMPHREY. Mr. President, I wish to say that the housing provisions for the aged, as carried in the pending bill, are, in my opinion, of great importance. In the case of both the provisions of this housing bill and the liberalized FHA provisions for housing for elderly groups, I desire to compliment the committee for its very fine work.

Mr. MORSE. Mr. President, I am proud to have been associated with the Senator from Minnesota [Mr. HUMPHREY] for the past several years in the joint endeavor we have continually made to secure the enactment in this field of public housing, of legislation carrying out the principles of this bill.

Another important study recently issued by the Council of State Governments states that in 1952 the average income of older couples was less than \$1,500; that of single or widowed males was less than \$750; and that of single or widowed females was about \$400. All these amounts, the study declares, are "below the income necessary for a 'total maintenance' budget," while the incomes of 29 percent of the men and 42 percent of the women fall below an "emergency budget" estimated at 70 percent of the "maintenance budget." If the comparable figures for 1955 were available, I am sure they would reveal an even more severe situation.

#### HOUSING OF OLDER PERSONS IS SUBSTANDARD

Is it any wonder, Mr. President, that the older citizens of America are inadequately housed? Is it any wonder that hundreds of thousands of the most deserving members of our population today live in dwellings which were not designed to meet their needs; in the homes of relatives or in institutions, when their preference is to live alone; in unsafe and dilapidated structures, which both endanger their health and jeopardize their psychological well-being? Nineteen percent of men over 65 and 31 percent of women do not live in their own homes; 16 percent of men and 37 percent of women live with their children or other relatives; 5 percent of men and 3 percent of women live in boarding homes, nursing homes, county homes, homes for the aged, or mental hospitals. In the last-mentioned case, despite the relatively small percentage of persons residing in institutions, experts are agreed both that institutional care is the most unsatisfactory method for accommodating older people and that many of those now confined to institutions—at considerable expense, I may add, to the public—could be more adequately cared for through special services extended to them in their own or a foster home.

#### HOMES ARE DILAPIDATED

Data from the 1950 census on the condition of housing owned and occupied by persons over 65, as substantiated by the reports of the Twentieth Century Fund and the Council of State Governments, indicate that although these facilities are less crowded than those of younger people, they are also more dilapidated. More homes of older people—36 percent more—lack either a private flush toilet, a bath, or running

water—than do homes of younger persons. Heating facilities often are substandard. There are stairs to climb, high cabinets to reach, slippery floors.

For the 32 percent of the population over 65 who rent housing, low income necessitates the use of low-rental properties which—again—are often substandard. Despite the fact that rental rates of housing occupied by persons over 65 are generally lower than those for the entire population of the country, the proportion of income spent on rent by persons over 65 is considerably higher than that for the rest of the population. In a recent study in New York State, for example, the median percentage of rent to income for persons over 65 was found to be 27.8, as compared with 18.4 for the entire population. Whereas only 20.1 percent of total households in the State pay 30 percent or more of their income for rent—an alarmingly high figure, I should add—45.5 percent of households headed by a person over 65 pay 30 percent or more. When we place these figures alongside the differences in income between persons over 65 and those below 65, the predicament of the older person is more manifest.

But while the casual relationship between inadequate income and inadequate housing can be clearly established, and should be more clearly established through further research, the creation of a feasible program through which the Federal Government can help to meet both conditions coordinately is a much more difficult task. No one denies that housing for older persons is inadequate; indeed the groundswell which has developed for this legislation attests to what psychologists would call the "felt-need" of a large part of our population. Differences have, therefore, arisen, not over the need—for the administration has been compelled reluctantly to admit that a need exists—but over the kind of program such a need requires, and the proper role for the Federal Government to perform.

#### NEEDS AND CAPACITIES VARY

Many older people would be insulted if told that their home, so full of memory and meaning, is not entirely adequate for their latter years.

Indeed, it would be a mistake to suggest that simply because a person is over 65, or over 60, a particular dwelling is no longer suitable for his occupancy. Variations in the needs and the capacities of older people permit us to say only that the process of aging produces physical and mental changes which often lead to the need for changes in housing accommodations if health and happiness are to be maximized. Research has also shown that health and happiness can be so maximized by creating conditions of home living consistent with changing physical and psychological conditions. Health and safety can be protected, for example, by nonskid composition flooring, wall-bracket light fixtures to facilitate changing light bulbs, electric stoves to eliminate the danger of asphyxiation from the boiling over of liquids, hand grips around bathtubs. Psychological well-being can be advanced through the elimination of noise, provision of recrea-



tional facilities, and the stimulation of participation in group activities.

#### WHAT KIND OF HOUSING IS SUITABLE?

At this point in my remarks, Mr. President, I should like to congratulate the staff of the housing subcommittee on its excellent roundup of information on housing for older persons, published as a committee print on January 4. I ask unanimous consent to include at this point in the RECORD two brief sections from that report; they are entitled "A Suitable Dwelling for Older Persons" and "The Individual House for the Older Person." These portions of the report contain a very succinct discussion of approaches toward creating the conditions of home living about which I have been speaking.

There being no objection, the excerpts from the report were ordered to be printed in the RECORD, as follows:

#### A SUITABLE DWELLING FOR OLDER PERSONS

A recent popular article, *Who Will Build for the Nation's Aged*, stated that one of the "most curious facts emerging from 10 years' discussion of how to house the aged is that no one has yet definitely ascertained that there is any difference between a house designed for a sexagenarian and one designed for his grandson."

This is true because the housing needs of older people are not all the same. As Architect Robert Woods Kennedy put it:

"Housing projects must be designed for an entirely hypothetical and theoretical tenant who is at one and the same time completely healthy, and ridden by a variety of characteristic ailments. Housing for the elderly must accommodate the healthy and in this respect is no different from any housing but it must also accommodate the infirm." (Standards of Design: Housing for the Elderly, Massachusetts State Housing Board, Boston, 1954.)

Quantitative standards, other than those for any good housing, are impossible but some of them are considerably more important for the aging who have greater need of an extra margin for comfort and particularly for safety. The gradual but natural decline with age results in limitations of the senses of sight, hearing, and smell, in less prompt muscular coordination, and in reduced ability to adapt promptly to changing situations. It is inevitable that older people will suffer many home accidents, a high proportion of them being disabling. The principal cause of these accidents are falls, burns, and poisonous gases. The principal reasons for them are improper equipment, badly arranged and poor lighting, accentuated by physical handicaps. The frequency of accidents can be reduced if rooms are well-designed and equipment is properly installed.

The suggestions that follow are not dogmatic standards but rather factors to be taken into consideration in the appraisal of housing suitable for the aging.<sup>1</sup> No one house or apartment could incorporate all features, some of which are mutually exclusive, but each can be balanced against the others for adaptation to a particular locality or some

specified housing project. These suggestions are not concerned with institutional living, important though it is, but only with dwellings for the majority of the aging who live independently as individuals, as couples, or in families. They are applicable to an apartment built in or attached to a one-family house or to multi-dwelling unit housing projects.

#### SITE, ENVIRONMENT, AND LOCATION

1. General: Preferably away from sources of industrial fumes, dusts, and smoke. Experiences with smog, for example, have demonstrated that older people suffer more acutely.

2. The neighborhood: Not an area exclusively for the aging, but a typical residential neighborhood, with shops, churches, libraries, recreation, and established health and welfare services in close proximity.

3. Convenient transportation: One of the most important factors since required services need not be immediately adjacent.

4. Traffic hazards: Heavy traffic is noisy as well as dangerous. Aging people with less ease of movement and with impaired sight and hearing should not be exposed to excessive traffic and dangerous crossings.

5. Topography and approaches: Minimal grades and level approaches to avoid necessity for steep walks and ramps, stairs and high ground floors.

6. All utilities and municipal services established.

7. Available outdoor area: Park, private outdoor sitting area (not directly on the street), small gardens if possible; balconies, if no other available outdoor area.

#### CONSTRUCTION AND FACILITIES

1. Ground dwelling unit, with handrails at all steps and ramps.

2. Elevators: In multistory apartments of older people are housed above second floor.

3. Fire hazards: Older people who have impaired ability to see and smell and are unable to move rapidly may not be aware of fire or able to escape in case of fire. Fire hazards may be reduced by carefully chosen building materials; thoughtful planning for circulation and exit; sufficient space in front of open fires or stoves; careful installation of any gas appliances.

4. Egress: Two exits to the outside, readily available from within the apartment and easily used by the older person.

5. Orientation for sunshine, light, ventilation, and a pleasant view: Older people spend more time in the home than younger and require direct sunlight. Advantage should be taken also of winter solar heat with protection against excessive summer heat. Windows may well be larger than standard for the locality and properly oriented so that direct sunlight will enter the living area and bedroom at some time during the day. If sill height is less than 30 inches, a guardrail should be installed. Larger windows will also assure more daylight and more adequate ventilation, if oriented for the prevailing breeze. Since older people are as sensitive to overheating as to cold, it is desirable to provide cool, moving air, particularly in sleeping rooms. Air conditioning and mechanical ventilation are desirable not so much for comfort as to prevent heat stress. At least one room, preferably the living area, should face a pleasant view.

6. Lighting: Older people, because of impaired vision, need not only more light but better light than younger people. Glare from large glass areas must be controlled. The need for more and better light holds true for artificial as well as natural light. Illumination should be controlled by readily accessible switches, so located that the way ahead may always be lighted.

7. Heating: Older people as a rule require higher indoor temperatures to compensate for poorer circulation and less efficient heat-

regulating mechanisms. The heating system should be capable of providing a temperature, higher than 65° to 70°, which is comparatively even from floor to ceiling to avoid chilling of the feet.

8. Noise: As with all housing, dwelling units for older people should be located away from sources of excessive noise. Walls and ceilings between apartments should be constructed to reduce airborne sounds and impact noises, not only to protect older people themselves but since many older people are deaf, to protect younger occupants of other apartments.

9. Privacy: The desire for privacy increases with age and privacy is required not only to protect the sedentary preoccupations of older people but also because of the possibility of chronic illness and relative frequency of illnesses.

10. Consideration of the danger of falls: Floors should be smooth but nonslippery, particularly in kitchens and baths. Door thresholds and changes in level are undesirable. If there are stairs, they should slope gently between 30° and 36° with uniform tread and riser dimensions, and be provided with handrails and nonslip tread surfaces. Circulation space should be wide and free from obstructions.

11. Housekeeping facilities: Increased susceptibility to fatigue and decreased ability to do physical tasks make it important that the layout of the dwelling facilitate routine tasks. The unit should be designed to minimize walking and provide easy access to storage spaces without excessive reaching or bending. If furniture cannot be easily moved, there must be sufficient space to permit cleaning. Bedmaking, particularly, may be difficult and beds require considerable open circulation space on either side. The kitchen area, especially, must have well-arranged equipment, adequate and convenient storage and an efficient circulation pattern.

12. Dwelling units: For the most part, small units for 1- or 2-person occupancy. Each apartment to have a living area and dining space readily accessible from the kitchen.

Sleeping areas: When space is at a premium, a sleeping alcove off the living space may be more satisfactory for one person than a separate bedroom, if a curtain or screen is available for privacy and the alcove is well ventilated and large enough for circulation space around the bed. A separate bedroom is essential for two-person occupancy, preferably with space for twin beds so arranged that a curtain or screen may be used between them for privacy. A night light should be at the bedside and the path to the bathroom straight, wide, and free of obstructions.

Bathrooms: Private for each apartment. A wall switch outside the door is preferable. Nonslippery floor. Bathtub or shower must have strategically placed grab bars and the shower-stall floor must be nonslip. Glass or thin metal tubing are undesirable for towel bars.

Kitchen areas: Minimum amount of floor space and maximum wall space for storage cabinets at hand level. Elimination of above-head storage and reduction of low-level storage which should only be used for articles required infrequently. Work counters and sink at convenient height. Electrical appliances are preferable to gas. Hand-height ovens help reduce fatigue and accidents. If the refrigerator has a large frozen-food compartment, marketing problems are simplified and garbage disposal units are helpful for tenants who may be infirm.

13. Wheelchairs: If accommodation for a wheelchair must be considered, ramps are necessary at the entrances. All doors, corridors (public and private), elevators, and bathrooms must be of a size to admit a wheelchair. A width of 3 feet is a minimum.

<sup>1</sup> From Factors To Be Considered in Providing Housing for the Aging, prepared for a Connecticut Conference on the Problems of Aging, April 1954, by Daniel G. Lyons, executive director, Hartford Housing Authority; Erie W. Hood, director of environmental sanitation, New Haven Department of Health; Eleanor M. Watkins, secretary, American Public Health Association committee on hygiene of housing; and David C. Wiggan, principal sanitary engineer, Connecticut State Department of Health.



## THE INDIVIDUAL HOUSE FOR THE OLDER PERSON

For many older people, the most desirable solution to their housing problems is a small house situated like any other house in a normal community. Few of these have so far been built, in part, at least, because of the difficulty of securing favorable financing for a one-bedroom house. There is a strong belief that such houses have small resale value. In view of the increasing numbers of older people who would find such houses desirable, this opinion may in time change. It has also been pointed out that the one-bedroom house is equally desirable for many young couples during the early years of marriage before children are born. There is some experience in having such a small independent unit attached to the house of an adult child or other relative, the so-called mother-in-law house. Proposals have been made, also, for duplex lifetime houses. One unit would be the small 1-bedroom house for the early and late years; the other a 3- or 4-bedroom unit for the period of family life. At all times the unit not in use would be available for rental and provide income. The following description of the individual house planned for an elderly individual or couple is paraphrased from the remarks of L. Morgan Yost, Chicago architect, before a meeting of the National Committee on the Aging:

"A house for older people needs to have the same elements of safety, convenience, and livability as housing for all age groups. Preferable construction is a one-story house on the ground, with the elimination of a step through the use of a low-pitched ramp. Since statistics on accidents indicate that about one-fourth are on stairways, it is advisable to eliminate both attics and basements. While it is true that this type of construction eliminates storage space for many of the possessions older people have collected, some of the advantages of this type of housing may make it easier to relinquish some of the unnecessary belongings.

"While some older people may fear that a house without a basement will have cold floors, such a house properly designed can actually be warmer than one with a basement. Some caution needs to be given against radiant heating in climates subject to rapid temperature changes. The utility room, which acts as a substitute for the basement, can easily provide a place to putter which is important for all age groups.

"Housing for older people should of course be well lighted with big windows. Contrary to popular opinion these are not expensive to heat or to install. Since older people spend so much time indoors, it is important the windows should be placed low so that the residents can easily see out of doors. Some caution should be taken that they do not appear too invisible, so that older people may walk through them. This may be accomplished through an etched pattern or dividing bars. It is important that doors should open into a room, never out into the line of traffic. Particular attention should be paid to the kitchen, which should be a pleasant place for eating. A comfortable table by a window with a pleasant view may help to provide an interest in meals, since older people often have small appetites.

"So far as materials are concerned, the important considerations would appear to be good, sound construction with proper wiring, noninflammable paint, and no slippery floors. In many ways, carpet is the most satisfactory floor covering. There should be emergency keys for all rooms in case an older person should lock himself in and become ill or incapacitated. All closet doors should have knobs on the inside to prevent a person from being shut inside with no means of opening the door. As an extra precaution, the bottom of the door should be slightly raised to provide for ventilation in case an

older person should become faint or ill while inside a closet. It is again pointed out that many of these precautions apply equally to children as to older people."

Mr. MORSE. Mr. President, it is apparent that we are in urgent need of research on a host of questions surrounding the improvement of housing for older people. The subcommittee was fully aware of the lack of adequate data for the formulation of a comprehensive program of housing for older people, and has accordingly included in section 602, which provides for such research as the Housing and Home Finance Administrator may determine to be "necessary and appropriate in the exercise of his responsibilities," provision for research specifically on "housing for elderly persons," section 602 (a) (4). It is my hope, and the hope of the committee, that under this mandate the Administrator will promptly launch a searching inquiry into this important subject. In the Senate Subcommittee on Housing we have an excellent staff, but we should not have to depend exclusively upon its resources for basic information necessary for legislative action.

The development of basic data is a function of specialist staffs within HHFA. I think it is fair to say, however, that in the discussions on this phase of the housing amendments of 1956, the administration has exhibited a diffidence bordering on unconcern.

Despite deficiencies of data about the nature of an adequate program, however, public interest in Federal assistance to housing for older people is so keen, and the need for such assistance so clear, that action of at least an initial character is urgent. Support for the kind of program contained in this bill, which is based on S. 2790, of which I am a sponsor, has been expressed within the several States by a great variety of committees and commissions on the aging; throughout the country by the overwhelming number of experts in geriatrics and gerontology; and by governors, home builders, social workers, and local and State housing officials. In my judgment, we can no longer ignore this vast body of supporters. We must act affirmatively on title II of this bill, as it was on all its others sections, and must demonstrate that we are responsive to the important needs of our population.

## THE POSITION OF THE ADMINISTRATION

Knowing how vital title II is to the amelioration of the housing needs of our older people, I could hardly believe yesterday's announcement that the Administrator of the HHFA—Mr. Cole—is "deeply concerned" with this part of the bill.

Mr. President, on March 9, 1953, I opposed confirmation of the nomination of Mr. Cole. His record to date, as well illustrated by his press release of yesterday, fully supports and justifies my opposition to his appointment in the first place.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD excerpts from my speech in the Senate on March 9, 1953.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

[From the CONGRESSIONAL RECORD of March 9, 1953]

Mr. MORSE. Cole's opposition to this vital housing program is a matter of record. In his extended speech on the Housing Act in 1949, he stated his condemnation of each and every portion of that measure. \* \* \* His implacable opposition to and overwhelming lack of sympathy with this program renders him incapable of discharging his duties under it in conformity with congressional policy.

He stated unequivocally during the hearings on the confirmation of his nomination that he had not changed his views (p. 16):

"Mr. COLE. Perhaps you misunderstood me. I have not changed my opinion. Have I indicated that I changed my opinion? If so, I beg your pardon. I have not changed my personal opinion about it."

Mr. MORSE. On the record made before the Banking and Currency Committee it seems clear that Mr. Cole cannot be expected to discharge his duties in harmony with the congressional purposes enunciated in the Housing Act of 1949.

Furthermore, the Senate should not invite the emasculation of this program by executive fiat. We want an administrator, not a one-man law revision commission.

The housing needs of the country are chronic. The present program is a vital necessity if we are to have any appreciable progress in slum clearance, low-cost housing, some measure of amelioration in the congestion caused by our immense-defense program.

This is what Cole has to say about this, page 4:

"Mr. COLE. Senator, as conditions warrant it I believe the Government should gradually get out of the housing business. I think Government should support housing and not supplant it—support the housing industry; the people who are building houses. They should support it and not supplant it."

That must be music to the ears of the contractors of the country, Mr. President.

Today I shall not be a party to voting for confirmation of the nomination of a man who has already testified where his interest is—not in the little people, but in those who build houses. The administration proposes to make him the administrator of an act passed by the Congress of the United States which was aimed to help the little people in America who need public housing.

Not only is this nomination shocking, Mr. President, but I shall do my best to help the little people in America remember the blow to their interest which the Eisenhower administration is striking against them today in submitting the nomination.

This nomination is unfortunately similar to the nominations of Wilson, Kyes, Talbott, and Douglas. In each case a man has been proposed whose past activities, associations, or attitudes come into head-on conflict with the program he is supposed to supervise.

I say that such choices as these are dangerous for the little people of America. In my judgment, it is the obligation of the United States Senate today to withhold approval of this nomination. In the interest of the people of America who need public housing, I shall vote against the confirmation of the nomination of a man whose record shows he is not a friend, so far as the housing issue is concerned, of the little people of America, but who admits he is interested in taking care of builders.

Mr. MORSE. Mr. President, why does Mr. Cole say he is concerned with this part of the bill?



To be completely fair, I should like to read the full comment of that portion of the press release. Mr. Cole stated:

I am deeply concerned with the provisions in the Senate bill regarding housing for the elderly. The administration recommended reasonable and practical FHA aids in financing both rental and sales housing for elderly people. These proposals were rejected by the committee, which substituted recommendations of its own. Paradoxically, under the Senate bill, a married couple over 60 years of age could get an FHA home loan with a smaller down payment and a longer time to pay than could a young couple just setting up housekeeping.

The final sentence, which is more an irrelevant and distractive observation than a reason for concern, hardly bears comment. Of course, the bill allows persons over 60 years of age—and not just couples—more liberal loans than other FHA borrowers. They have less income. They are in a less favorable credit position. They are dependent upon a peculiar type of housing. Is it wrong that people over 60—most of whom sustain themselves through social-security benefits—should be extended loan privileges consistent with their financial circumstances and their need? Of course not. And the Administrator apparently is not prepared to contend that it is.

As for the statement that the administration recommended "reasonable and practical FHA aids in financing both rental and sales housing for elderly people," the Administrator again should know better than to contend that the administration's bill, S. 3302, contained a "reasonable" program for meeting the critical housing needs of persons over 60. Senate bill 3302 was not predicated on meeting the housing needs of older people. It was predicated on mollifying the pressure for Federal assistance through minimal changes in the existing situation. It was another example of the disparity between the sonorous phrases of the President about being "liberal" in relation to people, and the consistent action of the administration in refusing to yield to the legitimate desires of the people.

S. 3302, however "practical," was a wholly inadequate response to a serious and genuine need. It proposed to help older people purchase housing by permitting a third party to make the downpayment and cosign the mortgage note. This is reminiscent, Mr. President, of the administration's proposal for funding the road bill outside the public debt system, which was one of the most irresponsible fiscal suggestions ever to emanate from the White House; and of the proposal for a health reinsurance pool, which was so impractical, if you like, that the insurance companies concerned have recently communicated their conclusion that it would not prove satisfactory.

The bill we are now considering, while incorporating and expanding the third-party provision of Senate bill 3302, recognizes that the problem of rental and sales housing for persons over 60 can be ameliorated only through a dual liberal mortgage insurance—namely, a public-

housing program, through which older persons with sufficient income can be enabled to purchase or rent private housing, through which builders can be encouraged to construct private housing specifically designed for older people, and through which older persons with low incomes can be provided adequate quarters in public-housing facilities.

#### THE PROVISIONS OF S. 3855

In order that the provisions contained in title II may be made perfectly clear, let me quote, Mr. President, from pages 11 and 12 of the committee's report:

The bill is designed to meet the needs of elderly persons in two ways. First, it would amend title II of the National Housing Act by adding a new section 229 to enable the FHA to insure mortgages with liberal terms for elderly persons. These new mortgage terms would be applicable to both sales and rental housing, and FHA insurance is conditioned upon the projects being economically sound.

Sales housing mortgages would be insured up to 100 percent of value where the mortgagor is the owner-occupant except that the borrower must pay \$200 in cash which may include payment of settlement costs and initial payments for taxes, hazard insurance, and other prepaid expenses. The maximum mortgage would be \$8,000 (\$10,000 in high-cost areas) and the maximum maturity would be 40 years. Mortgagors who are not owner-occupants would be permitted to obtain 85-percent loans to build or acquire and repair or rehabilitate for sale, and to finance pending subsequent sale to elderly persons under purchase contracts or lease-option agreements. An elderly person could buy only one house with the benefits of this program.

Rental housing mortgages would be insured up to 100 percent of value if the mortgagor is an acceptable public or private non-profit organization, and 90 percent of value for all other types of mortgagors. As with sales-type housing, the mortgage amount could not exceed \$8,000 per unit (\$10,000 per unit in high-cost areas). Maximum maturity would be 40 years.

With respect to sales housing, the bill provides that where a mortgagor is 60 years of age or over, a third party (a person or a corporation satisfactory to the FHA Commissioner) may provide the downpayment required and may cosign the mortgage note. For rental housing, an acceptable third party may contribute a part of the required rental payment and may assist in meeting equity requirement.

An Elderly Persons Housing Insurance Fund is established in the FHA to carry out the provisions of the new section 229. Through its operation of this and other mortgage insurance programs, the committee expects the FHA to give recognition to the needs of elderly mortgagors in the new housing projects that are constructed with the assistance of FHA insurance.

Fanny May is authorized to enter into advance commitments to purchase such mortgages up to \$50 million outstanding at any one time. A maximum of \$5 million would be available in any one State. Both would be revolving funds.

Second, the bill would broaden the opportunities for low-income elderly persons to find shelter in public-housing accommodations by initiating a program of 15,000 public-housing units for each of 5 years beginning July 1, 1956, and by making elderly persons eligible on a first-preference basis to any suitable units in any other public-housing projects, even though they were not specifically designed or built for elderly persons. These 15,000 units would be in addition to other low-rent public-housing units authorized by other provisions of the bill.

In order to make elderly persons eligible for public housing, the definition of "families of low income" is amended. The term "families" would include a single person 65 years of age or over, or the remaining member of a tenant family. The term "elderly families" is further defined to mean families the head of which or his spouse is 65 years of age or over. To be eligible for admission to public housing, elderly persons and families need not comply with the requirement that they come from slum dwellings or be displaced by Government action.

The total authorization for annual contributions by the Public Housing Administration is increased from \$336 million to \$366 million. This is an increase at the rate of \$6 million a year for each of the 5 years.

In order to defray the higher cost of units especially designed for the elderly, the bill authorizes an increase in the cost limit for such units from \$1,750 to \$2,250 per room.

To insure that the Federal Government develops and maintains a program to meet the needs of elderly persons, the bill requires the Housing Administrator to establish an advisory committee on matters relating to housing for the elderly. It is the hope of the committee that the establishment of this advisory committee will help to create and maintain public interest in providing an adequate program for housing our senior citizens. It is anticipated that this advisory committee will work closely with the Housing Administrator and other Federal housing officials in the interest of housing for the elderly and that its recommendations can provide the basis for necessary legislation.

This, I submit, is a beginning—a good, reasonable, practical beginning—toward meeting one of the most perturbing problems of our time. When combined with the provision for research, it should permit us to make important strides toward a richer, more satisfying life for our older citizens. Its approval is a contract with good Government.

#### COLLEGE HOUSING

I am now constrained, Mr. President, to comment on one additional matter mentioned in yesterday's press release by Mr. Cole. I quote:

I am also greatly concerned over the failure of the Senate committee to recommend an interest rate on college housing loans at least equal to the interest rate which the Federal Government must pay on the money it borrows to finance the program. The college housing program is an excellent program which we have supported strongly. However, the very magnitude of the need for assistance to colleges makes it clear that we will not get the whole job done unless we have the patience and wisdom to design a form of Federal aid which will encourage private financing rather than supplant it. If the interest rate on the Federal direct loans continues at an artificially low level, the Federal loans will greatly curtail, if not eliminate, the ready availability of private investment funds. The end result will be that instead of more capital being available for this type of loan, there will, over the long run, be substantially less capital in the aggregate. In the meantime, if private capital is virtually eliminated from this field, increasing pressures will be placed on the Federal Government to make direct loans aggregating billions of dollars.

This, I submit, is a pristine example of the tortured rationalization with which the Eisenhower administration has sought to conceal some of its most seri-



ous biases and shortcomings. We are told by Mr. Cole that the present interest rate on loans for college housing is not equal to "the interest rate which the Federal Government must pay on the money it borrows to finance the program." Yet, as competent witnesses before the Housing Subcommittee asserted, it is not only exceedingly difficult to ascertain at any particular time the actual cost to the Government of money loaned to a college, but it also is a calculation which the authorities of the HHFA have apparently not made to the satisfaction of any of the major educational associations of the country representing institutions involved in such loans.

We are also asked to believe that maintaining at 2¾ percent the interest rate on college-housing loans will in the long run result in less aggregate capital for the financing of college housing. This presupposes two conditions, Mr. President: It presupposes, first of all, that the present interest rate is a serious impediment to the relationship of current private lending to long-term lending prospects. It also presupposes that the interest rate will remain fixed indefinitely at 2¾ percent, and hence will permanently affect the long-term lending prospects of private capital. Neither of these two presuppositions is tenable. No one contends that a rate of 2¾ percent is immutable. Indeed, the law says it shall vary according to a formula based on the interest rates on United States interest-bearing obligations. But the law does not stipulate, Mr. President, that the interest rate on college-housing loans may be raised capriciously, whenever the HHFA Administrator, or the Secretary of the Treasury, may consider it "artificial." Its artificiality must be demonstrated, and it has not been.

#### THE ADMINISTRATION IGNORES CONSENSUS

As in the case of housing for older people, the administration appears unable to match words and deeds, or even to recognize consensus. It ignores the testimony of the leading educators and educational associations of the country, including such groups as the American Association of Land Grant Colleges and State Universities, with 72 member institutions; the Association of American Colleges, with 730 member institutions; the Association for Higher Education, United States of America, representing 18,000 administrators and faculty in over 1,500 institutions; and the American Council on Education, comprising 139 organizations, including 962 institutions, and almost all the important national educational associations. How much evidence, I ask you, Mr. President, how much of a consensus, is required before the administration can be persuaded to follow a course of action consistent with the general welfare?

#### OREGON EDUCATORS OPPOSE INCREASING THE INTEREST RATE

I want the RECORD also to show, Mr. President, the feeling of leading educators in participating institutions in the State of Oregon toward the Eisenhower administration's bald disregard for educational advancement. When the matter was first raised some weeks ago, I

asked the heads of these colleges and universities for their comments.

I ask unanimous consent to insert excerpts from some of the replies at this point in the RECORD as a part of my remarks.

There being no objection, the excerpts from the letters and telegrams were ordered to be printed in the RECORD, as follows:

From Frank L. Griffin, president, Reed College, Portland:

"At a time when every effort is being made nationally to take care of the great flood of students that will reach the colleges within the next few years, it would be constructive statesmanship for the Nation to provide housing loans at as low an interest rate as is feasible \* \* \*. It would be unfortunate to increase the interest rate because our colleges and universities, particularly those which are not tax supported, are already having a severe financial struggle, and, further, because added difficulties in providing new housing will interfere to some extent with the effort of the colleges to take care of the prospective added load of instruction. The need for expanded opportunities for college study is so great as almost to constitute a national emergency in the near future."

From Milo C. Ross, president, George Fox College, Newberg, Oreg.:

"We oppose administration housing bill because increase of interest rate would have detrimental effect on our future plans for loans it would increase cost of housing to students. We have already increased student cost, cannot go higher. Please register our protest."

From Rev. Howard J. Kenna, C. S. C., president, University of Portland:

"We have been planning to apply for additional loans in order to provide for the expected increased enrollment that should reach us here in Oregon within the next few years. This increased interest rate will certainly have a detrimental effect on these plans."

"The only possible way for private institutions such as ours, with little or no endowment and no subsidization, to pay off such loans is from the student fees. Since fees charged by private institutions are already much greater than those charged by public schools, a further increase could do considerable damage to the enrollment in private schools. I am convinced that you appreciate the role that private schools play in our America way of life, and know that you will do what you can to assist them in continuing to the well-being of our country."

From Dr. Charles J. Armstrong, president, Pacific University, Forest Grove, Oreg.:

"As I see it now there is no question but that an increase in the interest rate would necessitate an increase in housing costs to students on our part."

"In view of the tremendous expansion of housing facilities which is going to be necessary, particularly in the Pacific Northwest, to meet the rising tide of college enrollments, I think it would be extremely unwise for the Congress to increase the interest rate at this time and I hope that you will use all of your influence to prevent such from occurring."

From Morgan S. Odell, president, Lewis and Clark College, Portland, Oreg.:

"In connection with the interest rate for loans to colleges for housing constructed by the Housing and Home Finance Agency, we hasten to urge that the rate be maintained at its present level of 2¾ percent."

"We have one loan in effect on a dormitory for 120 men under the Housing and Home Finance Agency at 3.01 percent. Even with our charges of \$105 a semester for room rent

we are not able to meet the annual repayment on principal and payment of interest on our 40-year mortgage out of net income. We must seek contributions from interested friends to supplement the net income figure. Liberal arts colleges operate their dormitories not just as boardinghouses but as places for growth of character and scholastic interest. Good resident directors are essential to the counseling of young people in their personal growth. This devotion to a good all around education necessarily increases our dormitory operating costs.

"Lewis and Clark College has been given preliminary approval for the construction of a dining room and another dormitory to house 72 women students. The total amount of funds reserved for us at 2¾ percent is \$590,000. We urge that the interest rate be maintained at this figure which will make possible a self-funding program over a 40-year period for these 2 projects. The oncoming flood of students in our Western States throws a great burden upon non-tax-supported colleges in connection with the erection of adequate housing facilities."

Mr. MORSE. I should also like the RECORD to show, Mr. President, the manner of participation of various Oregon institutions in the college housing loan program; and I therefore ask unanimous consent to have a table with such figures inserted at this point in the RECORD, as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*College housing loans in State of Oregon from beginning of program to May 8, 1956*

Approved loans:	
Lewis and Clark College, Portland (building completed)---	\$465,000
Reed College, Portland (nearing completion)-----	230,000
Reed College, Portland (nearing completion)-----	350,000
University of Portland, Portland (approval January 1956)-----	480,000
Total-----	1,525,000
Preliminary approval and reservation of funds:	
Lewis and Clark College, Portland-----	590,000
Reed College, Portland-----	390,000
Linfield College, McMinnville---	210,000
Pacific University, Forest Grove---	550,000
George Fox College, Newberg---	145,000
Total-----	1,885,000
Grand total-----	3,410,000

(NOTE.—The Oregon State system of higher education withdrew plans to borrow several million dollars for various institutions because, under Oregon law, they can issue general obligation bonds, which they expect to make possible borrowing at an interest rate of no more than 2¾ percent, and perhaps less.)

#### THE NEED FOR STUDY

Mr. MORSE. Mr. President, in conclusion, I think it is clear that the educational strength of our country, on which our progress, our prosperity, and our very security depend, will best be served by defeating any amendment which proposes that the current interest rate on college loans be raised before an adequate study has been made of the justification and consequences of such a step. The American Council on Education is presently engaged in a research project which, by the end of the year, will yield, among other things,



recommendations about the college housing loan program. I should like to suggest that a similar study, specifically directed toward questions concerning the interest rate on such loans, be made in the coming months by the administration, in order that any subsequent proposals for changing the interest rate may be considered in the light of a sound body of evidence.

Mr. President, it was for that reason that earlier this afternoon I opposed the amendment; and I am proud to be able to report to the people of my State that the amendment was defeated.

Finally, Mr. President, let me say that in connection with the handling of this bill, I think the Senator from Alabama [Mr. SPARKMAN] and the Senator from Arkansas [Mr. FULBRIGHT] are particularly deserving of appreciation by this body for the magnificent leadership they have given us in connection with this bill. This afternoon the Senate of the United States has, in my opinion, once again, in connection with the passage of this very fine housing bill, struck a blow in the interest of promoting the welfare of the people of the United States.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (S. 3855) was passed as follows:

*Be it enacted, etc.,* That this act may be cited as the "Housing Amendments of 1956."

#### TITLE I—FHA INSURANCE PROGRAMS PROPERTY IMPROVEMENT LOANS

SEC. 101. (a) Section 2 (a) of the National Housing Act, as amended, is hereby amended by striking out "September 30, 1956," and inserting in lieu thereof "September 30, 1959."

(b) Section 2 (b) of such act, as amended, is amended by—

(1) striking out "made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds \$2,500, or for the purpose of financing the construction of new structures exceeds \$3,000" and inserting "exceeds \$3,500";

(2) striking out "except that" in clause (2) and inserting "except that the Commissioner may increase such maximum limitation to 5 years and 32 days if he determines such increase to be in the public interest after giving consideration to the general effect of such increase upon borrowers, the building industry, and the general economy, and"; and

(3) striking out the first proviso and inserting in lieu thereof the following: "Provided, That no insurance shall be granted under this section (A) in the case of any obligation in a principal amount of \$2,500 or less, representing any loan, advance of credit, or purchase made after the effective date of the Housing Amendments of 1956, if such obligation has a financing charge in excess of an amount equivalent to \$5 discount per \$100 original face amount of a 1-year note to be paid in equal monthly installments calculated from the date of the note, or (B) in the case of any such obligation in a principal amount in excess of \$2,500, if such obligation has a financing charge in excess of (i) an amount equivalent to \$5 discount per \$100 original face amount of a 1-year note to be paid in equal monthly installments calculated from the date of the note, with respect to that part of the principal amount not in excess of \$2,500, and (ii) an amount equivalent to \$4 discount per \$100 original face amount of a 1-year note to be paid in equal monthly installments calculated from the date of the note, with re-

spect to that part of the principal amount which is in excess of \$2,500: *Provided further,* That such charges correctly based on tables of calculations issued by the Commissioner, or adjusted to eliminate minor errors in computations in accordance with requirements of the Commissioner, shall be deemed to comply with the preceding proviso: *And provided further,* That insurance may be granted to any such financial institution with respect to any obligation not in excess of \$15,000 (nor an average amount of \$2,500 per family unit), having a maturity not in excess of 7 years and 32 days, representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families."

#### HAZARD INSURANCE ON FHA ACQUIRED PROPERTIES

SEC. 102. Title I of the National Housing Act, as amended, is hereby amended by adding at the end thereof the following new section:

"SEC. 10. Notwithstanding any other provision of law, the Commissioner is hereby authorized to establish a Fire and Hazard Loss Fund which shall be available to provide such fire and hazard risk coverage as the Commissioner, in his discretion, may determine to be appropriate with respect to real property acquired and held by him under the provisions of this act. For the purpose of operating such fund, the Commissioner is authorized in the name of the fund to transfer moneys and require payment of premiums or charges from any one or more of the several insurance funds established by this act and from the account established pursuant to section 2 (f) of this act, in such amounts and in such manner, including any repayments of such moneys, as the Commissioner, in his discretion, shall determine. In carrying out the authority created by this section, the Commissioner and the Fire and Hazard Loss Fund shall be exempt from all taxation, assessments, levies, or license fees now or hereafter imposed by the United States, by any Territory or possession, thereof, or by any State, county, municipality, or local taxing authority. Moneys in the Fire and Hazard Loss Fund not needed for current operations of the fund shall be deposited with the Treasurer of the United States to the credit of the fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States or in bonds or other obligations which are lawful investments for fiduciary, trust, and public funds of the United States.

"Notwithstanding the provisions of this section, the Commissioner is authorized to purchase such other insurance protection as he may, in his discretion, determine, and he may further provide for reinsurance of any risk assumed by the Fire and Hazard Loss Fund."

#### COOPERATIVE HOUSING INSURANCE

SEC. 103. Section 213 (b) (2) of the National Housing Act, as amended, is amended by—

(1) striking out "65 percent" and inserting in lieu thereof "50 percent"; and

(2) amending the last proviso to read as follows: "And provided further, That for the purposes of this section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after April 6, 1917, and prior to November 12, 1918, or on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to February 1, 1955."

#### GENERAL MORTGAGE INSURANCE AUTHORIZATION

SEC. 104. Section 217 of the National Housing Act, as amended, is amended by—

(1) striking out "July 1, 1955" in the first sentence and inserting "July 1, 1956";

(2) striking out "\$4,000,000,000" in the first sentence and inserting "\$3,000,000,000"; and

(3) striking out "section 2" in the first and second sentences and inserting "section 2 and section 803".

#### HOUSING IN URBAN RENEWAL AREAS

SEC. 105. Paragraph (iii) of section 220 (d) (3) (B) of the National Housing Act, as amended, is amended by striking out in the first proviso thereof all that follows "construction and design" and inserting in lieu thereof a colon and the following: "Provided further, That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed \$1,000 per room or per family unit, as the case may be, in any geographical area where he finds that cost levels so require."

#### LOW-COST HOUSING FOR DISPLACED FAMILIES

SEC. 106. Section 221 (d) of the National Housing Act, as amended, is amended by—

(1) striking out "\$7,600" in clauses (2) and (3) and inserting "\$8,000";

(2) striking out "\$8,600" in clauses (2) and (3) and inserting "\$10,000";

(3) striking out "95 percent of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: *Provided,* That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 percent of the Commissioner's estimate of the cost of acquisition in cash or its equivalent" in clause (2) and inserting "the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence, less such amount as may be necessary to comply with the succeeding proviso: *Provided further,* That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least \$200 in cash or its equivalent (which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses)";

(4) striking out "95 percent of" in clause (3); and

(5) striking out "30" in clause (4) and inserting "40."

#### COST CERTIFICATION OF RENTAL HOUSING

SEC. 107. Section 227 of the National Housing Act, as amended, is amended by—

(1) inserting the following new sentence between the first and second sentences: "Upon the Commissioner's approval of the mortgagor's certification as required hereunder such certification shall be final and incontestable, except for fraud or misrepresentation on the part of the mortgagor."; and

(2) adding at the end of subsection (c) the following: "In the case of a mortgage insured under section 220, there shall be included in the actual cost an allowance for sponsor's profit of up to, but not exceeding, 10 percent of all other items entering into the term 'actual cost'; except any allowance for builder's profit, land or amounts paid for a leasehold, amounts paid under a general construction contract where the mortgagor is not the builder as defined by the Commissioner, and amounts included under either (A) or (B) of clause (ii) of the preceding sentence."

#### NATIONAL DEFENSE HOUSING

SEC. 108. (a) Title II of the National Housing Act, as amended, is amended by adding at the end thereof a new section as follows:



"SEC. 230. (a) Notwithstanding any other provision of this title, and in addition to mortgages insured under section 203 or 207, the Commissioner may insure and make commitments to insure any mortgage under this section which meets, except as herein-after provided, the eligibility requirements set forth in such sections: *Provided*, That no mortgage shall be insured under this section unless the Secretary of Defense or his designee shall have certified to the Commissioner that the housing with respect to which the mortgage is issued is necessary in the interest of national defense. Any such certification shall be conclusive evidence to the Commissioner of the need for such housing without regard to any other requirement in this act that the project or property be economically sound or an acceptable risk. If the Commissioner determines, notwithstanding any such certification, that the insurance of any mortgage on such housing is not an acceptable risk, he may require the Secretary of Defense to guarantee the Mutual Mortgage Insurance Fund or the Housing Insurance Fund, as the case may be, from loss with respect to any such mortgage insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

"(b) Except as otherwise provided herein, the provisions of this title relating to mortgages insured under section 203 or 207, respectively, shall be applicable to mortgages insured under this section which meet the eligibility requirements of such sections.

"(c) In the case of any mortgage insured under this section meeting the eligibility requirements of section 207, the principal obligation of such mortgage shall, notwithstanding the provisions of section 207 (c) (2), not exceed 90 percent of the estimated value of the property or project when the proposed improvements are completed.

"(d) The Commissioner shall require that each dwelling designed for rental purposes and covered by a mortgage insured under this section shall be held for rental for a period of not less than 4 years after the dwelling is made available for initial occupancy.

"(e) The Commissioner and the Secretary of Defense shall comply with and carry out the purposes of clause (ii) of section 803 (b) (2) of this act, as amended by the Housing Amendments of 1956, in the administration of this section, and for such purposes any reference therein to the Armed Services Housing Mortgage Insurance Fund shall be deemed to refer to the Mutual Mortgage Insurance Fund, or the Housing Insurance Fund, as the case may be."

(b) Section 305 of the National Housing Act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(h) Notwithstanding any other provisions of this act, the Association is authorized to enter into advance commitment contracts, which do not exceed \$50 million outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 230 a commitment to insure; but of such authorization not more than \$5 million outstanding at any one time shall be available for such commitments in any one State."

#### MILITARY HOUSING

SEC. 109. (a) Section 801 (g) of the National Housing Act, as amended, is amended to read as follows:

"(g) The term 'State' includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, the Virgin Islands, the Canal Zone, and Midway Island."

(b) Section 803 (a) of such act, as amended, is amended (1) by striking out the first proviso and inserting in lieu thereof the following: "*Provided*, That the aggregate

amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955) shall not exceed \$3 billion," and (2) by striking out in the last proviso "September 30, 1956" and inserting in lieu thereof "September 30, 1959."

(c) (1) Section 803 (b) (2) of such act, as amended, is amended by striking out all that follows clause (i) and inserting in lieu thereof the following: "and (ii) with the approval of the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation and that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing housing covered by mortgages insured under this act. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense or his designee shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund against loss with respect to the mortgage covering such housing. The Commissioner shall report to the Committees on Banking and Currency of the Senate and the House of Representatives each instance in which he has required the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund, with reasons therefor. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty."

(2) Title VIII of such act, as amended, is amended by adding at the end thereof a new section as follows:

"SEC. 809. (a) Notwithstanding any other provision of this title, or of title IV of the Housing Amendments of 1955, no personnel shall be assigned to, or granted occupancy in, any project which was acquired or constructed under this title, and is situated at or near a military installation, if, at the time it is proposed to make such assignment or grant such occupancy, more than 10 percent of the living accommodations in any housing, acquired or constructed under this title prior to the construction of such project, and situated at or near the same military installation, are vacant.

"(b) As used in this section, the term 'this title' refers to the provisions of title VIII of the National Housing Act in effect both prior to and on and after the date of enactment of the Housing Amendments of 1955."

(d) Clause (B) of section 803 (b) (3) of such act, as amended, is amended to read as follows:

"(B) not to exceed with respect to any project an average of \$15,000 per family unit, and with respect to all projects for any one of the armed services an average of \$14,250 per family unit, for such part of the property (including ranges, refrigerators, shades, screens, and fixtures) as may be attributable to dwelling use: *Provided*, That such amounts shall be reduced by the average amount per family unit of the replacement cost, as determined by the Commissioner, of all usable utilities which are owned by the United States, and which are not provided for out of the proceeds of the mortgage, and are within the boundaries of the property or project; and."

(e) (1) Section 803 (b) (3) (C) of such act, as amended, is amended by striking out "eligible bidder of" and inserting in lieu thereof "eligible bidder with respect to."

(2) Sections 403 (a) and 403 (b) of the Housing Amendments of 1955 are amended by striking out "eligible bidder" wherever the term appears therein and inserting in lieu thereof "eligible bidder."

(3) Section 403 (a) of the Housing Amendments of 1955 is amended by striking out the term "the builder" wherever appearing therein and inserting in lieu thereof the term "the mortgagor."

(4) Section 403 (a) of the Housing Amendments of 1955 is amended by striking out the term "with any builder."

(f) Section 403 (a) of the Housing Amendments of 1955 is further amended by inserting immediately before the last sentence the following: "Any such contract shall provide for the furnishing by the contractor of a performance bond and a payment bond with a surety or sureties satisfactory to the Secretary of Defense, or his designee, and the furnishing of such bonds shall be deemed a sufficient compliance with the provisions of section 1 of the act of August 24, 1935 (49 Stat. 793), and no additional bonds shall be required under such section."

(g) Section 405 of the Housing Amendments of 1955 is amended by striking out "\$9,000,000" and inserting in lieu thereof "\$18,000,000."

(h) The second sentence of section 406 of the Housing Amendments of 1955 is amended by inserting after the colon immediately following the first proviso the following: "*Provided further*, That such plans, drawings, and specifications shall follow the principle of modular measure, in order that the housing may be built by conventional construction, on-site fabrication, or factory fabrication, whichever the successful bidder may elect, or, in the case of a negotiated contract, whichever the contracting officer may determine to be in the best interest of the Government."

(i) Section 407 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new subsection (c):

"(c) Any funds heretofore or hereafter authorized to be expended by a military department for military construction or by the Coast Guard for acquisition, construction, and improvements may, within the purposes specified in subsection (a) above, be used for capital expenditures other than the amortization of outstanding mortgages."

(j) Title IV of the Housing Amendments of 1955 is amended by adding at the end thereof the following new section:

"SEC. 410. (a) In the construction of housing under the authority of this title and title VIII of the National Housing Act, as amended, the following are the maximum limitations on net floor area for each unit:

"(1) For flag officers and general officers, 2,100 square feet.

"(2) For captains in the Navy and colonels, 1,670 square feet.

"(3) For commanders and lieutenant commanders and for lieutenant colonels and majors, 1,400 square feet.

"(4) For officers below the grade of lieutenant commander or major, 1,250 square feet.

"(5) For enlisted members, 1,080 square feet.

"In this section 'net floor area' means the space inside the exterior walls, excluding basement, service space instead of basement, attic, garage, and porches.

"(b) The maximum limitations prescribed by subsection (a) are increased—

"(1) 10 percent for quarters outside the United States;

"(2) 10 percent for quarters of the commanding officer of any station, base or other



installation, based on the grade authorized for that position."

**TITLE II—HOUSING FOR ELDERLY PERSONS**  
**AMENDMENTS TO THE NATIONAL HOUSING ACT**

SEC. 201. (a) Section 203 (b) (2) of the National Housing Act, as amended, is hereby amended by striking out the period at the end thereof and substituting a comma and the following: "except that with respect to a mortgage executed by a mortgagor who is 60 years of age or older, as of the date the mortgage is accepted for insurance, the mortgagor's payment required by this proviso may be paid by a corporation or person other than the mortgagor under such terms and conditions as the Commissioner may prescribe."

(b) Title II of such act, as amended, is amended by adding at the end thereof a new section as follows:

**"ELDERLY PERSONS HOUSING INSURANCE**

"SEC. 229. (a) The purpose of this section is to aid in the provision of housing for elderly persons and is designed to supplement systems of mortgage insurance under other provisions of this act. The Commissioner shall prescribe such procedures as in his judgment are necessary to secure to elderly persons a preference or priority of opportunity to rent or purchase dwelling units in housing the construction or rehabilitation of which is assisted under this section, and to prevent the benefits of this section from being made available to any such person with respect to the purchase of more than one dwelling unit. Any housing the construction or rehabilitation of which is assisted under this section shall be of such design as to be suitable for occupancy by elderly persons and shall be conveniently located so as to provide to the maximum extent practicable for their comfort and welfare. As used in this section, the term 'elderly person' means a person 60 years of age or over, or a family the head of which or his spouse is 60 years of age or over.

"(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(c) As used in this section, the terms 'mortgage,' 'first mortgage,' 'mortgagee,' 'mortgagor,' 'maturity date,' and 'State,' shall have the same meaning as in section 201 of this act.

"(d) To be eligible for insurance under this section, a mortgage shall—

"(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

"(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$8,000, except that the Commissioner may by regulation increase this amount to not to exceed \$10,000 in any geographical area where he finds that cost levels so require, and not to exceed the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling designed principally for a single-family residence; less such amount as may be necessary to comply with the succeeding proviso: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and such mortgagor (or other person or corporation satisfactory to the Commissioner) shall have paid on account of the property at least \$200 in cash or its equivalent

(which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses): *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure and insuring a mortgage pursuant thereto where the mortgagor is not the owner and occupant and the property is to be built or acquired and repaired or rehabilitated for sale and the insured mortgage financing is required to facilitate the construction or the repair or rehabilitation of the dwelling and provide financing pending subsequent sale thereof to a qualified owner-occupant, and in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

"(3) if executed by a mortgagor (other than a mortgagor referred to in paragraph (4) of this subsection (d)) which, until the termination of all obligations of the Commissioner under this section, is regulated or restricted by the Commissioner as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of \$12,500,000; and not in excess of \$7,200 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed \$9,000 in any geographical area where he finds that cost levels so require, and not in excess of 90 percent of the Commissioner's estimate of the value of such property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for eight or more families eligible for occupancy as provided in this section; or

"(4) if executed by a mortgagor which is a public or private nonprofit corporation or association or other acceptable public body or political subdivision, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of \$12,500,000; and not in excess of \$8,000 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase the amount to not to exceed \$10,000 in any geographical area where he finds that cost levels so require, and not in excess of the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for eight or more families eligible for occupancy as provided in this section; and

"(5) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed 40 years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed such percent per annum not in excess of 6 percent as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other mat-

ters as the Commissioner may in his discretion prescribe.

"(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance. Without restricting the authority of the Commissioner under this act, the Commissioner is hereby authorized (with respect to a mortgage under paragraph (2), (3), or (4) of subsection (d)) to consider for purposes of mortgage insurance eligibility under this section, any financial arrangement, or guarantee, or endorsement of the mortgage, with respect to such property or project by a person or corporation, other than the mortgagor, acceptable to the Commissioner. No mortgage shall be accepted for insurance under this section unless the Commissioner finds that the property or project, with respect to which the mortgage is executed, is economically sound.

"(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

"(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204 (a) of this act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Elderly Persons Housing Insurance Fund, and all references therein to section 203 shall be construed to refer to this section; or

"(2) as to mortgages meeting the requirements of paragraph (3) or paragraph (4) of subsection (d) of this section, as provided in section 207 (g) of this act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Elderly Persons Housing Insurance Fund.

"(h) The provisions of section 221 (g) (3) of this act shall be applicable to mortgages insured under this section.

"(i) There is hereby created an Elderly Persons Housing Insurance Fund which shall be used by the Commission as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such fund the sum of \$1 million from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Elderly Persons Housing Insurance Fund.

"Moneys in the Elderly Persons Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such fund, or invested in bonds or other obligations guaranteed as to principal and interest by the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an



investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Elderly Persons Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such fund."

(c) (1) Subsection (a) of section 212 of such act, as amended, is amended by inserting "or under paragraph (3) or (4) of subsection (d) of section 229 of this title," immediately following the phrase "or under section 213 of this title."

(2) Section 219 of such act, as amended, is amended by inserting "the Elderly Persons Housing Insurance Fund," immediately following "the Defense Housing Insurance Fund."

(3) Section 226 of such act, as amended, is amended by inserting "229," immediately following "222."

(4) Subsection (a) of section 227 of such act, as amended, is amended (1) by inserting "(v) under section 229 if the mortgage meets the requirements of paragraph (3) or (4) of subsection (d) thereof," immediately following "paragraph (3) of subsection (d) thereof," and (2) by redesignating clauses (v) and (vi) as (vi) and (vii), respectively.

(5) Subsection (e) of section 513 of such act, as amended, is amended by inserting "under paragraph numbered (3) or (4) of subsection (d) of section 229," immediately preceding the phrase "under section 608."

(d) Section 305 of such act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(g) Notwithstanding any other provision of this act, the Association is authorized to enter into advance commitment contracts, which do not exceed \$50 million outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 229 a commitment to insure; but of such authorization not more than \$5 million outstanding at any one time shall be available for such commitments in any one State."

#### AMENDMENTS TO THE UNITED STATES HOUSING ACT OF 1937

SEC. 202. (a) Paragraph (2) of section 2 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new sentences: "The term 'families' includes (A) a person 65 years of age or over, and (B) the remaining member of a tenant family. The term 'elderly families' means families the head of which (or his spouse) is 65 years of age or over."

(b) Section 10 of such act is amended by adding at the end thereof the following new subsection:

"(m) For the purposes of increasing the supply of low-rent housing for elderly families, the Authority may assist the construction of new housing in order to provide accommodations designed specifically for such families, and may, with the approval of the President, after July 1, 1956, without regard to the provisions of any other law, enter into contracts for loans and annual contributions providing for not to exceed 15,000 new dwelling units designed specifically for such families (either as separate projects or as parts of projects), which number shall be increased by 15,000 dwelling units on July 1 of each of the years 1957, 1958, 1959, and

1960, respectively. Such new dwelling units shall be in addition to the dwelling units for which annual contribution contracts are authorized by any other provision of law. The total authorization otherwise provided for annual contributions under this act shall be increased by \$6 million per annum on July 1, 1956, and by the same amount on July 1 in each of the years 1957, 1958, 1959, and 1960, respectively: *Provided*, That nothing herein shall be construed to prevent the provision of dwelling units designed for elderly families under such other authorizations. Notwithstanding the provisions of subsection 10 (g), any local public-housing agency, in respect to dwelling units suitable to the needs of elderly families, may extend a prior preference to such families and may waive the provisions of clause (ii) of section 15 (8) (b) with respect to such units: *Provided further*, That as among such families, the 'First' preference in subsection 10 (g) shall apply."

(c) Section 15 (5) of such act is amended by inserting immediately before the colon in the first sentence the following: "or \$2,250 in the case of accommodations designed specifically for elderly families."

(d) Such act is further amended by striking the figure "\$336,000,000" in subsection 21 (d) and substituting therefor the figure "\$366,000,000."

#### ADVISORY COMMITTEE

SEC. 203. The Housing and Home Finance Administrator shall establish, in accordance with the provisions of section 601 of the Housing Act of 1949, as amended, an advisory committee on matters relating to housing for elderly persons (as defined in section 229 (a) of the National Housing Act, as amended).

#### TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 301. Subsection (b) of section 302 of the National Housing Act, as amended, is amended by inserting before the period at the end thereof a comma and the following: "except that such \$15,000 limit shall not be applicable with respect to mortgages covering property located in Alaska, Guam, or Hawaii which are offered for purchase under section 305."

SEC. 302. Subsection (b) of section 303 of the National Housing Act, as amended, is hereby amended by striking out the first sentence and inserting: "The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions equal to 2 percent of the unpaid principal amounts of mortgages purchased or to be purchased by the Association from such seller or equal to such other greater or lesser percentage, but not less than 1 percent thereof, as the Association may determine from time to time, taking into consideration conditions in the mortgage market and the general economy."

SEC. 303. Subsection (a) of section 304 of the National Housing Act, as amended, is hereby amended by striking out "at the market price" in the second sentence and inserting "within the range of market prices."

SEC. 304. (a) Subsection (b) of section 305 of the National Housing Act, as amended, is amended by striking out the second sentence and inserting in lieu thereof the following: "Notwithstanding any other provision of this section, the price to be paid by the Association for mortgages purchased in its operations under this section shall be 100 percent of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items."

(b) Subsection (e) of such section is amended by striking out all that follows the semicolon and inserting in lieu thereof the following: "but of such authorization not more than \$5 million outstanding at any one time shall be available for such commitments in any 1 State."

SEC. 305. (a) Subsection (c) of section 305 of the National Housing Act, as amended, is amended by striking out "purchasers" in the clause preceding the proviso and inserting in lieu thereof "purchases."

(b) Subsection (f) of section 305 of such act is amended by striking out "by the Housing Amendments of 1955" and inserting in lieu thereof "on or after August 11, 1955."

SEC. 306. (a) Subsection (c) of section 306 of the National Housing Act, as amended, is amended by striking out in the last sentence thereof "and subsection (e) of this section."

(b) Subsection (e) of section 30 of such act is hereby repealed.

#### TITLE IV—SLUM CLEARANCE AND URBAN RENEWAL

SEC. 401. Section 102 (d) of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following: "Notwithstanding section 110 (h) or any other provision of this title, the Administrator may make advances of funds under this subsection for surveys and plans for an urban renewal project (including general neighborhood renewal plans as hereinafter defined) to a single local public body which has the authority to undertake and carry out a substantial portion, as determined by the Administrator, of the surveys and plans or the project respecting which such surveys and plans are to be made: *Provided*, That the application for such advances shows, to the satisfaction of the Administrator, that the filing thereof has been approved by the public body or bodies authorized to undertake the other portions of the surveys and plans or of the project which the applicant is not authorized to undertake."

SEC. 402. (a) (1) Section 105 (a) of the Housing Act of 1949, as amended, is amended by striking out "(including any redevelopment plan constituting a part thereof)."

(2) Section 110 (b) of such act is amended by striking out clause (3) and the semicolon and the word "and" which immediately preceded said clause and by inserting the word "and" after the semicolon at the end of clause (1).

(b) (1) Section 110 (c) of such act is amended to read as follows:

"(c) 'Urban renewal project' or 'project' may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

"(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of an open-land project

"(2) demolition and removal of buildings and improvements;

"(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

"(4) disposition of any property acquired in the urban renewal area (including sale,



initial leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan;

"(5) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; and

"(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density (including measures designed to reduce the vulnerability of metropolitan target zones from enemy attack), eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities.

"For the purposes of this title, the term 'project' shall not include the construction or improvement of any building, and the term 'redevelopment' and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term 'project' shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

"Financial assistance shall not be extended under this title with respect to any urban renewal area which is not clearly predominantly residential in character unless such area will be a predominantly residential area under the urban renewal plan therefor: *Provided*, That, where such an area which is not clearly predominantly residential in character contains a substantial number of slum, blighted, deteriorated or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and such area is not appropriate for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 percent of the total amount of capital grants authorized by this title.

"In addition to all other powers hereunder vested, where land within the purview of clause (1) (ii) or (1) (iii) of the first paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided*, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ percent of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title."

(2) The first sentence of section 110 (d) of such act is amended by striking out the words "either the second or third sentence" in clause (2) and inserting "the second sentence."

(q) The first sentence of section 110 (d) of such act is amended by striking out the phrase "public facilities financed by special assessments against land in the project area," in clause (3) and adding the following proviso before the period at the end of the sentence: "And *provided further*, That in any case where a public facility furnished as a local grant-in-aid is financed in whole or in part by special assessments against

real property in the project area acquired by the local public agency as part of the project, an amount equal to the total special assessments against such real property (or, in the case of a computation pursuant to the proviso immediately preceding, the estimated amount of such total special assessments) shall be deducted from the cost of such facility for the purpose of computing the amount of the local grants-in-aid for the project."

(d) Section 110 (e) of such act is amended by adding the following at the end thereof: "Where real property in the project area is acquired and is owned as part of the project by the local public agency and such property is not subject to ad valorem taxes by reason of its ownership by the local public agency and payments in lieu of taxes are not made on account of such property, there may (with respect to any project for which a contract of Federal assistance under this title is in force or is hereafter executed) be included, at the discretion of the Administrator, in gross project cost an amount equal to the ad valorem taxes which would have been levied upon such property if it had been subject to ad valorem taxes, but in all cases prorated for the period during which such property is owned by the local public agency as part of the project, and such amount shall also be considered a cash local grant-in-aid within the purview of section 110 (d) hereof. Such amount, and the amount of taxes or payments in lieu of taxes included in gross project cost, shall be subject to the approval of the Administrator and such rules, regulations, limitations, and conditions as he may prescribe."

SEC. 403. (a) (1) Section 102 (d) of the Housing Act of 1949, as amended, is amended by adding the following at the end thereof:

"In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of general neighborhood renewal plans (as herein defined) for urban renewal areas of such scope that the urban renewal activities therein may have to be carried out in stages, consistent with the capacity and resources of the respective local public agency, over an estimated period of not more than ten years. No contract for advances for the preparation of a general neighborhood renewal plan may be made unless the Administrator has determined that:

"(1) in the interest of sound community planning, it is desirable that the urban renewal area be planned for urban renewal purposes in its entirety;

"(2) the local public agency proposes to undertake promptly an urban renewal project embracing at least 10 percent of such area, upon completion of the general neighborhood renewal plan and the preparation of an urban renewal plan for such project; and

"(3) the governing body of the locality has represented that the general neighborhood renewal plan will be used to the fullest extent feasible as a guide for the provision of public improvements in such area and that the plan will be considered in formulating codes and other regulatory measures affecting property in the area and in undertaking other local governmental activities pertaining to the development, redevelopment, rehabilitation and conservation of the area.

The contract for any such advance of funds for a general neighborhood renewal plan shall be made upon the condition that such advance shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the first urban renewal project in such area: *Provided*, That in the event

of the undertaking of any other project or projects in such area an appropriate allocation of the amount of the advance, with interest, may be effected to the end that each such project may bear its proper allocable part, as determined by the Administrator, of the cost of the general neighborhood renewal plan. As used herein, a general neighborhood renewal plan means a preliminary plan (conforming, in the determination of the governing body of the locality, to the general plan of the locality as a whole and to the workable program of the community meeting the requirements of section 101) which outlines the urban renewal activities proposed for the area involved, provides a framework for the preparation of urban renewal plans and indicates generally, to the extent feasible in preliminary planning, the land uses, population density, building coverage, prospective requirements for rehabilitation and improvement of property, and any portions of the area contemplated for clearance and redevelopment."

(2) Section 102 (d) of such act, as amended, is further amended by striking "The Administrator may make advances of funds to local public agencies for" and inserting in lieu thereof "The Administrator may make advances of funds to local public agencies for surveys of urban areas to determine whether the undertaking of urban renewal projects therein may be feasible and for."

(b) Section 104 of such act, as amended, is amended to read as follows:

"SEC. 104. Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved. Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, shall not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made."

(c) Section 103 (b) of such act, as amended, is amended by striking out "\$200,000,000" and inserting in lieu thereof "\$250,000,000."

SEC. 404. Section 106 of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new subsection:

"(f) The Administrator is hereby authorized to make payments to individuals, families, and business concerns to the extent necessary to compensate or reimburse them for the following expenses or losses, for which reimbursement or compensation is not otherwise made, resulting from their displacement from an urban renewal area included in an urban renewal project with respect to which a contract for capital grant or temporary loan with a local public agency has been executed under this title:

"(1) necessary moving expenses not to exceed \$100 for any individual or family; and

"(2) business losses, including loss of good will and necessary moving expenses, not to exceed \$2,000 for any business concern.

"The Administrator shall prescribe reasonable rules and regulations for the making of payments in conformity with the purposes of this subsection. There is hereby authorized to be appropriated to the Administrator such sums as may be necessary to make payments under this subsection."

#### TITLE V—PUBLIC HOUSING

##### LOW RENT PUBLIC HOUSING

SEC. 501. (a) Subsection (1) of section 10 of the United States Housing Act of 1937, as amended, is amended to read as follows:

"(1) Notwithstanding any other provisions of law, the Authority shall not enter into any new contracts for loans or annual contributions for more than 135,000 additional



dwelling unit during any fiscal year: *Provided*, That in respect to the fiscal year 1957 such number shall be increased by the difference between 45,000 and the number of units for which new annual contribution contracts for additional units were entered into during the fiscal year 1956: *Provided further*, That (subject to the authorization of not to exceed 810,000 dwelling units) the number of additional dwelling units for which contracts may be entered into under this subsection during any fiscal year may be increased at any time or times by additional amounts aggregating not more than 65,000 dwelling units, or may be decreased at any time or times by amounts aggregating not more than 85,000 dwelling units, upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase or decrease upon conditions in the building industry and upon the national economy, that such action is in the public interest."

(b) Section 13 of such act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(f) The Authority shall establish general standards applicable to low-rent housing projects with respect to minimum space requirements and type of construction. The Authority shall allow, subject to the provisions of paragraph (5) of section 15 and consistent with such general standards as it may prescribe, the local public housing agencies a maximum amount of discretion with respect to the size of any housing project, the types of dwellings, and project densities and design."

(c) Subsection (d) of section 21 of such act, as amended, is amended by striking out the figure "10" in both places it appears and inserting in lieu thereof the figure "15."

(d) There are hereby repealed—

(1) the third proviso and clause (2) of the eighth proviso appearing in that part of the First Independent Offices Appropriation Act, 1954, which is captioned "Annual contributions:" under the heading "Public Housing Administration";

(2) clause (2) of the third proviso, and the fourth proviso, appearing in that part of the Independent Offices Appropriation Act, 1953, which is captioned "Annual contributions:" under the heading "Public Housing Administration";

(3) the fourth proviso appearing in that part of the Independent Offices Appropriation Act, 1952, which is captioned "Annual contributions:" under the heading "Public Housing Administration";

(4) the sixth and seventh provisos appearing in that part of the first Independent Offices Appropriation Act, 1954, which is captioned "Annual contributions:" under the heading "Public Housing Administration", and the fifth and sixth provisos under the same caption in the Independent Offices Appropriation Act, 1953;

(5) as of its effective date section 10 (j) of the United States Housing Act of 1937, as amended; and

(6) section 10 (l) of the United States Housing Act of 1937, as amended.

#### FARM-LABOR CAMPS

Sec. 502. Section 12 of the United States Housing Act of 1937, as amended, is amended by adding the following at the end of subsection (f): "Notwithstanding any other provisions of law, upon the filing of a request therefor within 12 months after the effective date of the Housing Amendments of 1956, the Authority shall relinquish, transfer, and convey, without monetary consideration, all of its rights, title, and interest in and with respect to any such project or any part thereof (including such land as is determined by the Authority to be reasonably necessary to the operation of such project and contractual rights to revenues, reserves, and

other proceeds therefrom) to any public housing agency whose area of operation includes the project, upon a finding and certification by the public housing agency (which shall be conclusive upon the Authority) that the project is needed to house persons and families of low income and that preference for occupancy in the project will be given, first, to low-income agricultural workers and their families and, second, to other low-income persons and their families. Upon the relinquishment and transfer of any such project it shall cease to be a low-rent project within the meaning of this act, and the Authority shall have no further jurisdiction over the same, except that in any conveyance hereunder the Authority shall reserve to the United States of America any mineral rights of whatsoever nature upon, in, or under the property, including the right of access to and the use of such parts of the surface of the property as may be necessary for mining and saving the minerals. Any project or part thereof not relinquished or conveyed or under a contract for disposal pursuant to this subsection shall be disposed of by the Authority pursuant to subsection (e) of section 13 of this act, notwithstanding the parenthetical clause in said subsection."

#### DISPOSITION OF DEFENSE HOUSING

Sec. 503. (a) Notwithstanding the provisions of any other law, there are hereby transferred to the jurisdiction of the Department of Defense, effective July 1, 1956, all right, title, and interest, including contractual rights and obligations and any reversionary interest, held by the Federal Government in and with respect to all real and personal property comprising the following housing projects:

Project No:	Location
ALA-1D1-----	Ozark, Ala.
ALA-1D2-----	Do.
ALA-2D1-----	Foley, Ala.
ALA-2D2-----	Do.
ARIZ-1D1-----	Yuma, Ariz.
ARIZ-1D2-----	Do.
ARIZ-3D1-----	Flagstaff, Ariz.
CAL-3D1-----	Oceanside, Calif.
CAL-3D2-----	Do.
CAL-4D1-----	Miramar, Calif.
CAL-6D1-----	San Ysidro, Calif.
CAL-7D2-----	Barstow, Calif.
CAL-9D1-----	Do.
CAL-9D2-----	Do.
CAL-10D1-----	Twentynine Palms, Calif.
COLO-1D1-----	Colorado Springs, Colo.
FLA-2D1-----	Green Cove Springs, Fla.
FLA-4D1-----	Milton, Fla.
FLA-8082-----	Pensacola, Fla.
FLA-8084-----	Do.
GA-1D1-----	Hinesville, Ga.
KAN-3D1-----	Hutchinson, Kans.
ME-4D1-----	Brunswick, Maine.
MD-1D1-----	Bainbridge, Md.
MO-1D1-----	Waynesville, Mo.
MO-2D1-----	Do.
MO-4D1-----	Do.
MO-5D1-----	Do.
NEV-2D1-----	Fallon, Nev.
NC-1D1-----	Camp Lejeune, N. C.
NC-3D1-----	Do.
NC-4D1-----	Elizabeth City, N. C.
RI-1D1-----	Portsmouth, R. I.
RI-2D1-----	Do.
TEX-2D1-----	Kingsville, Tex.
TEX-3D1-----	Hondo, Tex.
TEX-5D1-----	Beville, Tex.
TEX-5D2-----	Do.
TEX-6D1-----	Mission, Tex.
VA-6D1-----	Quantico, Va.
VA-10D1-----	Yorktown, Va.
VA-12D1-----	Do.
VA-13D1-----	Williamsburg, Va.

The provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, and of the act entitled "An act to expedite the provision of housing in connection with national de-

fense, and for other purposes," approved October 14, 1940, as amended, shall not apply to any property transferred hereunder and, except as otherwise provided herein, the laws relating to similar property of the Department of Defense shall be applicable to the property transferred.

(b) Notwithstanding the provisions of this or any other law, any housing constructed or acquired under the provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, which is not transferred under the provisions of subsection (a) hereof shall, as expeditiously as possible, but not later than June 30, 1957, be disposed of on a competitive bid basis to the highest responsible bidder upon such terms and after such public advertisement as the Housing and Home Finance Administrator may deem in the public interest; except that the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation: *Provided*, That project No. IDA-2D1 at Cobalt, Idaho, shall be sold only for use on the site.

(c) The Housing and Home Finance Administrator is hereby directed to convey (pursuant to the provisions of section 606 of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended): (1) housing project No. RI-37013 to the Housing Authority of the City of Newport, R. I. *Provided*, That, notwithstanding the provisions of that section or of any other law, the agreement required by that section shall permit the use of the project in whole or in part for the housing of military personnel without regard to their income, and shall require the Authority, in selecting tenants, to give a first preference in respect to 360 dwelling units to such military personnel as the Secretary of Defense or his designee prescribes for 3 years after the date of conveyance and to give 30 days advance notice of available vacancies to such designee, and (2) housing projects Nos. PA-36011 and PA-36012 to the Housing Authority of Philadelphia, Pa.

(d) The act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, is amended by adding at the end thereof the following new section:

"Sec. 614. (a) Notwithstanding the provisions of this or any other law, (1) any housing to be sold on site determined by the Administrator to be permanent, located on lands owned by the United States and under the jurisdiction of the Administrator, which is not relinquished, transferred, under contract of sale, sold or otherwise disposed of by the Administrator under other provisions of this act or under the provisions of other law by January 1, 1957, except housing which is determined by the Administrator by that date to be suitable for sale in accordance with section 607 (b) of this act; and (2) any permanent housing to be sold off site which is not relinquished, transferred, under contract of sale, sold or otherwise disposed of prior to the effective date of this section shall be disposed of, as expeditiously as possible, on a competitive basis to the highest responsible bidder upon such terms and after such public advertisement as the Administrator may deem in the public interest; except that the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation.

"(b) Notwithstanding the provisions of this or any other law, all contracts entered into after the enactment of the Housing Amendments of 1956 for the sale, transfer, or other disposal of housing (other than housing subject to the provisions of section



607 (b) of this act) determined by the Administrator to be permanent, except contracts entered into pursuant to subsection (a) hereof, shall require that if title does not pass to the purchaser by April 1, 1957 (or within 60 days thereafter if such time is necessary to cure defects in title in accordance with the provisions of the contract), the rights of the purchaser shall terminate and thereafter the housing shall be sold under the provisions of subsection (a) hereof. For the purposes of this subsection, title shall be considered to have passed upon the execution of a conditional sales contract.

"(c) The dates set forth in subsections (a) and (b) of this section shall not be subject to change by virtue of the provisions of section 611 of this act."

#### TITLE VI—MISCELLANEOUS

##### COLLEGE HOUSING

SEC. 601. (a) Subsection (d) of section 401 of the Housing Act of 1950, as amended, is amended by striking out "\$500,000,000" and inserting in lieu thereof "\$750,000,000."

(b) Section 404 (b) of such act, as amended, is amended by striking out "and (2)" and inserting in lieu thereof the following: "(2) any educational institution (no part of the net earnings of which inures to the benefit of any private shareholder or individual) the courses of which are designed to train persons to carry on the vocation of minister of a religious denomination, and (3)."

##### RESEARCH

SEC. 602. (a) The Housing and Home Finance Administrator is authorized and directed to undertake such programs of investigation, analysis, and research as he determines to be necessary and appropriate in the exercise of his responsibilities, including the formulation and carrying out of national housing policies and programs. Without limiting such authority, such programs shall develop and supply data and information on—

(1) the housing inventory of the Nation and the production, use, and demolition and conversion of residential structures, and such other factors as affect the total supply of housing;

(2) mortgage market problems;

(3) the extent to which adequate housing is available to the low-income and middle-income families of the Nation through public and private means;

(4) housing for elderly persons;

(5) residential design, assembly methods, and materials used in relation to cost, utility, and comfort; and

(6) characteristics of current and prospective housing market demand.

(b) (1) In order to permit the Administrator to carry out the functions vested in him by subsection (a) of this section, he is hereby authorized to enter into contracts with agencies of State or local governments and educational institutions and other non-profit organizations and into working agreements with departments and independent establishments and agencies of the Federal Government on a reimbursable basis: *Provided*, That the total amount of such contracts and working agreements shall not exceed \$500,000 during the fiscal year 1957; which amount shall be increased by further amount of \$1 million on July 1, 1957, and July 1, 1958, respectively.

(2) There are hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such sums as may be necessary to carry out the purposes of this section, including administrative expenses which are hereby authorized, and amounts necessary to make payments pursuant to contracts or working agreements authorized under subsection (b) (1) of this section.

(3) The provisions of the third and fourth sentences of subsection (a) of section 301 of the Housing Act of 1948, as amended, shall apply to contracts and appropriations pursuant to this section.

(c) The Administrator may disseminate (without regard to the provisions of sec. 306 of the Penalty Mail Act of 1948 (39 U. S. C. 321n)) any data or information acquired, or held under this section, including related data and information otherwise available to the Administrator through the operation of the programs and activities of the Housing and Home Finance Agency, in such form as he shall determine to be most useful to departments, establishments, and agencies of the Federal Government or State or local governments, to industry and to the general public.

(d) In carrying out the provisions of this section, the Administrator is hereby authorized to request and receive such information or data as he deems appropriate from private individuals, organizations, and other public agencies. Any such information or data shall be used only for the purposes for which it is supplied, and no publication shall be made by the Administrator whereby the information or data furnished by any particular person or establishment can be identified, except with the consent of such person or establishment.

(e) Nothing contained in this section shall limit any authority of the Administrator under title III of the Housing Act of 1948, as amended, or any other provision of law.

##### HOME OWNERS' LOAN ACT OF 1933

SEC. 603. (a) Section 5 (c) of the Home Owners' Loan Act of 1933, as amended, is amended by striking out "\$2,500" in the proviso at the end of the second paragraph and inserting in lieu thereof "\$3,500."

(b) Section 5 (c) of such act is further amended by striking out "15 percent" in the first sentence and inserting in lieu thereof "20 percent."

##### COMMISSION ON NATIONAL HOUSING POLICY

SEC. 604. (a) The Congress finds that the general welfare and security of the Nation and the health and living standards of the people require a dynamic housing industry and an increasing availability of residential housing and related community development. The Congress further finds that the periodic discounting of Government-supported mortgages demonstrates the lack of an orderly mortgage market and tends to negate public policy, and that it may be desirable to develop new sources of investment funds to meet the housing needs of the Nation. It is the purpose of this section to authorize an intensive study to be made of ways and means of encouraging a flow of investment capital to provide financing, through an orderly and adequate market, sufficient to support a level of residential construction compatible with the housing demands and needs of the population and the capacities of a balanced high-level economy.

(b) (1) There is hereby established a commission to be known as the Commission on National Housing Policy (hereinafter referred to as the "Commission").

(2) The Commission shall be composed of 11 members as follows:

(A) The Administrator of the Housing and Home Finance Agency, the Administrator of Veterans' Affairs, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Federal Home Loan Bank Board, and the Secretary of the Treasury, all ex officio; and

(B) Six persons to be appointed by the President from private life, such persons to be selected on the basis of their qualifications and experience in the field of housing or mortgage finance.

(3) The Chairman and the Vice Chairman of the Commission shall be selected by the Commission from among its members at its first meeting.

(4) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(5) Six members of the Commission shall constitute a quorum.

(c) (1) The members of the Commission who are serving ex officio shall serve without compensation in addition to that received for their other services in the Government, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission. The members of the Commission from private life may be paid transportation expenses and not to exceed \$50 per diem in lieu of subsistence as authorized by section 5 of the act of August 2, 1946, as amended (5 U. S. C. 73b-2).

(2) The Commission may—

(A) appoint and fix the compensation of such personnel as it deems advisable without regard to the civil-service laws and the Classification Act of 1949, as amended;

(B) make such expenditures (including expenditures for travel and not to exceed \$15 per diem in lieu of subsistence for witnesses appearing at the request of the Commission) for personal services, printing and binding, rent in the District of Columbia, and for such other matters as are necessary for the efficient execution of its functions under this section; and

(C) procure, without regard to the civil-service laws and the Classification Act of 1949, as amended, temporary and intermittent services to the same extent as is authorized by section 15 of the act of August 2, 1946 (60 Stat. 810; 5 U. S. C. 55a), but at rates not to exceed \$50 per diem for individuals.

(3) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

(4) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

(d) The Commission is authorized and directed to conduct an inquiry with respect to the current and prospective residential housing needs of the country and the capacity of the economy in general and of the building industry and mortgage market in particular to meet these needs. The Commission shall formulate recommendations which shall include but not be limited to the following subjects:

(1) The short-term and long-term housing needs of the Nation;

(2) The discounting of Government-supported mortgages;

(3) Long-term prospects for developing new sources of investment funds to meet the housing needs of the Nation, including but not limited to private and semiprivate pension funds and trusts;

(4) The extent to which the resources of the Federal National Mortgage Association can be utilized to stabilize the mortgage market; and

(5) Ways and means of increasing the supply of adequate housing for families of moderate income.

(e) (1) The Commission may, in connection with its inquiries and studies under this section, hold such hearings and hear such witnesses as it may deem appropriate.



(2) All departments and agencies of the Government are authorized and directed to cooperate with the Commission in its work and to furnish the Commission such information and assistance as it may require in the performance of its functions and responsibilities.

(f) The Commission may submit interim reports of its studies under subsection (d) to the Congress and the President at such time or times as it deems advisable, and shall submit its final report with respect to such studies to the Congress and the President not later than June 30, 1957. The final report of the Commission shall include its recommendations (including recommendations for governmental action, either legislative or administrative, as it shall deem necessary) with respect to the matters referred to in subsection (d), and such other related matters as it shall determine to be appropriate. The Commission shall cease to exist 90 days after submission of its final report.

#### FARM HOUSING

SEC. 605. (a) The first sentence of section 511 of the Housing Act of 1949, as amended, is amended to read as follows: "The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making loans under this title (other than loans under section 504 (b)). The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending June 30, 1961, shall not exceed \$450 million."

(b) Section 512 of such act is amended to read as follows:

"SEC. 512. In connection with loans made pursuant to section 503, the Secretary is authorized to make commitments for contributions aggregating not to exceed \$10 million during the period beginning July 1, 1956, and ending June 30, 1961."

(c) Clause (b) of section 513 of such act is amended to read as follows: "(b) not to exceed \$50 million for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) during the period beginning July 1, 1956, and ending June 30, 1961; and."

(d) This section shall take effect on July 1, 1956.

#### HOSPITAL CONSTRUCTION

SEC. 606. (a) Notwithstanding the provisions of section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, the authority under section 304 of such act to make loans or grants, or other payments to public and nonprofit agencies for the construction of hospitals is hereby revived and extended with respect to public and nonprofit agencies which have, prior to June 30, 1953, applied under such section 304 for such loans or grants, or other payments for the construction of hospitals, and have been denied such loans or grants, or other payments solely because of the unavailability of funds for such purpose.

(b) The authority granted by this section shall expire June 30, 1957.

(c) There is hereby authorized to be appropriated the sum of \$5 million for the purposes of this section for each of the fiscal years ending June 30, 1956, and June 30, 1957.

#### SALE OF HOUSING PROJECTS

SEC. 607. (a) (1) Notwithstanding any other provisions of law, the Housing and Home Finance Administrator is authorized to sell and convey at fair market value as determined by him on the basis of an appraisal made by an independent real-estate expert to the city of Alexandria, Va., or to the Alexandria Redevelopment and Housing Authority, or to any agency or corporation established or sponsored in the public interest by such city, all of the right, title, and interest of the United States in and

to the Chinguapin Village housing project, VA 44131, located in Alexandria, Va. Any sale pursuant to this authorization shall be on such terms and conditions as the Administrator shall determine, and the amount received for the project shall be reported by the Administrator to the Banking and Currency Committee of the Senate and the Banking and Currency Committee of the House of Representatives.

(2) The provisions of this section shall be effective only during the period ending 6 months after the date of enactment of this act.

(b) The last proviso of subsection (c) of section 108 of the Housing Amendments of 1955 is amended by striking out "12" and inserting in lieu thereof "24."

#### CITY PLANNING SCHOLARSHIPS AND FELLOWSHIPS

SEC. 608. There is hereby authorized to be appropriated the sum of \$500,000 annually for a 3-year period, commencing on or after July 1, 1956, to be used by the Housing and Home Finance Administrator for the purpose of providing scholarships and fellowships in public and private nonprofit institutions of higher education for the graduate training of professional city planning and housing technicians and specialists. Persons shall be selected for such scholarships and fellowships solely on the basis of ability.

#### SERVICEMEN'S READJUSTMENT ACT OF 1944

SEC. 609. (a) The fourth sentence of subsection (a) of section 500 of the Servicemen's Readjustment Act of 1944, as amended, is amended by striking out "10" the first time it appears therein and inserting in lieu thereof "11."

(b) Paragraph (C) of subsection (b) of section 512 of such act is amended by striking out "1957" and inserting in lieu thereof "1958."

#### LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to announce that when the Senate concludes its present business, H. R. 10721, the State, Justice, and Judiciary appropriation bill for 1957, will be made the unfinished business. The bill passed the House on April 26.

Following that, Mr. President, we may take up Calendar No. 2014, S. 3760, the Daniel narcotic bill, reported from the Committee on the Judiciary.

I wanted the Senate to have this information.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. MAGNUSON. I thought it was the understanding that when the Senate concluded action on the pending bill it would make the State, Justice, and Judiciary appropriation bill the pending order of business, but temporarily it would be laid aside to take up the so-called fisheries bill.

Mr. JOHNSON of Texas. I had had no such understanding, but I shall be happy, if we have time, to take up the fisheries bill. Could it not wait until tomorrow? The White House Correspondents Association is having a dinner tonight, and many Senators are planning to attend.

Mr. MAGNUSON. I do not think there will be too many Senators who will want to remain for the bill, anyway, and I shall be glad to remain and take care of my own fish.

Mr. JOHNSON of Texas. Let us see how we progress tomorrow.

Mr. MAGNUSON. I do not expect to be here.

#### FISHERIES ACT OF 1956

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 2040, Senate bill 3275, to establish a sound and comprehensive national policy with respect to fisheries resources, and so forth.

The PRESIDING OFFICER. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3275) to establish a sound and comprehensive national policy with respect to the development, conservation for preservation management, and use of fisheries resources, to create and prescribe the functions of the United States Fisheries Commission, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3275), which had been reported from the Committee on Interstate and Foreign Commerce, with an amendment, to strike out all after the enacting clause and insert:

That this act may be cited as the "Fisheries Act of 1966."

#### DECLARATION OF POLICY

SEC. 2. The Congress hereby declares that fish and shellfish resources make a material contribution to the food supply, health, recreation, and well-being of our citizens. They are a living, renewable form of national wealth, capable of being maintained and greatly increased with proper attention, but equally capable of destruction if neglected. The fisheries dependent upon them have occupied an important place in the economy of the Nation since its colonial beginnings. They give employment, directly or indirectly, to a substantial number of citizens. They attract all segments of the citizenry to outdoors, healthful, stimulating recreation in every part of the Nation. They furnish a large quantity of protein food. Their by-products have a wide variety of essential uses in the arts, industry, and agriculture. They strengthen the defense of the United States through the provision of a trained seafaring citizenry and action-ready fleets of seaworthy vessels. Properly developed, the fisheries are capable of steadily increasing these valuable contributions to the life of the Nation. The Congress further declares that the provisions of this act are necessary in order to accomplish the objective of such proper development and that this act shall be administered with due regard to the inherent right of every citizen and resident of the United States to engage in fishing for his own pleasure, enjoyment, and betterment, and with the intent of stimulating the development of a strong, prosperous, efficient, and thriving fishery and fish processing industry.

#### FISHERY REORGANIZATION WITHIN THE DEPARTMENT OF THE INTERIOR

SEC. 3. (a) There is hereby established within the Department of the Interior a division of such department to be known as the Fisheries Division of the Department of the Interior. The administrative functions of such Division shall be administered under the direction and supervision of the







84TH CONGRESS  
2D SESSION

# H. R. 11742

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 1956

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

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## A BILL

To extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Housing Act of 1956".

### 4       TITLE I—FHA INSURANCE PROGRAMS

#### 5               PROPERTY IMPROVEMENT LOANS

6       SEC. 101. (a) (1) Section 2 (a) of the National  
7       Housing Act is amended by striking out "September 30,  
8       1956" and inserting in lieu thereof "September 30, 1958".

9       (2) The proviso in the second paragraph of section  
10      2 (a) of such Act is amended to read as follows: "*Pro-*



1 *vided*, That this clause (iii) may in the discretion of the  
2 Commissioner be waived with respect to the period of oc-  
3 cupancy or completion of any such new residential struc-  
4 tures”.

5 (b) Section 2 (b) of such Act is amended—

6 (1) by striking out “made for the purpose of  
7 financing the alteration, repair, or improvement of  
8 existing structures exceeds \$2,500, or for the purpose  
9 of financing the construction of new structures exceeds  
10 \$3,000” and inserting in lieu thereof “exceeds \$3,500”;

11 (2) by striking out “three years” and inserting in  
12 lieu thereof “five years”; and

13 (3) by striking out “\$10,000” and inserting in lieu  
14 thereof “\$15,000 nor an average amount of \$2,500 per  
15 family unit”.

16 (c) Section 2 (b) of such Act is further amended by  
17 striking out “*Provided*, That” and inserting in lieu thereof  
18 the following: “*Provided*, That any such obligation with  
19 respect to which insurance is granted under this section on  
20 or after sixty days from the date of the enactment of this  
21 proviso shall bear interest, and insurance premium charges,  
22 not exceeding (A) an amount, with respect to so much of  
23 the net proceeds thereof as does not exceed \$1,500, equiva-  
24 lent to \$5 discount per \$100 of original face amount of a  
25 one-year note payable in equal monthly installments, plus

1 (B) an amount, with respect to any portion of the net pro-  
 2 ceeds thereof in excess of \$1,500, equivalent to \$4 discount  
 3 per \$100 of original face amount of such a note: *Provided*  
 4 *further*, That the amounts referred to in clauses (A) and  
 5 (B) of the preceding proviso, when correctly based on tables  
 6 of calculations issued by the Commissioner or adjusted to  
 7 eliminate minor errors in computation in accordance with  
 8 requirements of the Commissioner, shall be deemed to com-  
 9 ply with such proviso: *Provided further*, That”.

#### 10 SECTION 203 MORTGAGE INSURANCE

11 SEC. 102. (a) Section 203 (b) (2) of the National  
 12 Housing Act is amended by striking out “(but, in any case  
 13 where the dwelling is not approved for mortgage insurance  
 14 prior to the beginning of construction, 90 per centum)” and  
 15 inserting in lieu thereof the following: “(but, in any case  
 16 where the dwelling is not approved for mortgage insurance  
 17 prior to the beginning of construction, unless the construction  
 18 of the dwelling was completed more than one year prior to  
 19 the application for mortgage insurance, 90 per centum)”.

20 (b) The first proviso in section 203 (b) (2) of such  
 21 Act is amended to read as follows: “: *Provided*, That if the  
 22 mortgagor is not the occupant of the property the principal  
 23 obligation of the mortgage shall not exceed an amount equal  
 24 to 90 per centum of the amount computed under the fore-  
 25 going provisions of this paragraph (2)”.



(c) Section 203 (h) of such Act is amended by striking out "\$7,000" and inserting in lieu thereof "\$12,000".

#### RENTAL HOUSING INSURANCE

SEC. 103. (a) Section 207 (c) (2) of the National Housing Act is amended by striking out "80 per centum" and inserting in lieu thereof "90 per centum".

(b) Section 207 (c) (3) of such Act is amended to read as follows:

"(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit) or not to exceed \$1,000 per space or \$300,000 per mortgage for trailer courts or parks: *Provided*, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations per room contained in this para-

graph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require.”

(c) Section 207 (c) of such Act is further amended by striking out the unnumbered paragraph immediately following paragraph (3).

#### COOPERATIVE HOUSING INSURANCE

SEC. 104. (a) Section 213 (a) of the National Housing Act is amended—

(1) by striking out “or” at the end of paragraph (1) ;

(2) by inserting “or” at the end of paragraph (2) ;

(3) by adding after paragraph (2) the following new paragraph:

“(3) a mortgagor, approved by the Commissioner, which (A) has certified to the Commissioner, as a condition of obtaining the insurance of a mortgage under this section, that upon completion of the property or project covered by such mortgage it intends to sell such property or project to a nonprofit corporation or nonprofit trust of the character described in paragraph (1) of this subsection at the actual cost of such property or project as certified pursuant to section 227 of this Act and will faithfully and diligently make and carry out all reasonable efforts to consummate such sale, and (B) shall be regulated or restricted by the Commissioner



1 as to rents, charges, capital structure, rate of return, and  
2 methods of operation during any period while it holds  
3 the mortgaged property or project; and for such purpose  
4 the Commissioner may make such contracts with, and  
5 acquire for not to exceed \$100 such stock or interest in,  
6 any such mortgagor as the Commissioner may deem  
7 necessary to render effective such restriction or regula-  
8 tion, such stock or interest to be paid for out of the  
9 Housing Fund and to be redeemed by such mortgagor at  
10 par upon the sale of such property or project to such  
11 nonprofit corporation or nonprofit trust;"; and

12 (4) by adding "referred to in paragraphs (1) and  
13 (2) of this subsection" after "which corporations or  
14 trusts".

15 (b) Section 213 (b) (2) of such Act is amended by  
16 inserting immediately after "\$8,900" a semicolon and the  
17 following: "except that the Commissioner may, by regula-  
18 tion, increase any of the foregoing dollar amount limitations  
19 per room contained in this paragraph by not to exceed  
20 \$1,000 per room in any geographical area where he finds  
21 that cost levels so require: *Provided further*, That in the  
22 case of a mortgagor of the character described in paragraph  
23 (3) of subsection (a) the mortgage shall involve a prin-  
24 cipal obligation in an amount not to exceed 85 per centum  
25 of the amount which the Commissioner estimates will be

1 the replacement cost of the property or project when the  
2 proposed physical improvements are completed: *Provided*  
3 *further*, That upon the sale of a property or project by a  
4 mortgagor of the character described in paragraph (3)  
5 of subsection (a) to a nonprofit cooperative ownership  
6 housing corporation or trust within two years after the  
7 completion of such property or project, the mortgage given  
8 to finance such sale shall involve a principal obligation in  
9 an amount not to exceed the maximum amount computed  
10 in accordance with this subsection without regard to the  
11 preceding proviso”.

12 (c) Section 213 of such Act is further amended by  
13 adding at the end thereof the following subsection:

14 “(h) In the event that a mortgagor of the character  
15 described in paragraph (3) of subsection (a) obtains an  
16 insured mortgage loan pursuant to this section and fails  
17 to sell the property or project covered by such mortgage  
18 to a nonprofit housing corporation or nonprofit housing trust  
19 of the character described in paragraph (1) of subsection  
20 (a) hereof, such mortgagor shall not thereafter be eligible  
21 by reason of such paragraph (3) for insurance of any addi-  
22 tional mortgage loans pursuant to this section.”

23 (d) Paragraph (a) of section 227 of such Act is  
24 amended by inserting after “subsection (a) thereof” the  
25 following: “or with respect to any property or project of



1 a mortgagor of the character described in paragraph (3)  
2 of subsection (a) thereof”.

3 GENERAL MORTGAGE INSURANCE AUTHORIZATION

4 SEC. 105. Section 217 of the National Housing Act is  
5 amended—

6 (1) by striking out “July 1, 1955” in the first  
7 sentence and inserting in lieu thereof “July 1, 1956”;

8 (2) by striking out “\$4,000,000,000” in the first  
9 sentence and inserting in lieu thereof “\$3,000,000,000”;  
10 and

11 (3) by striking out “section 2” in the first and  
12 second sentences and inserting in lieu thereof “section  
13 2 and section 803”.

14 SECTION 220 INSURANCE

15 SEC. 106. (a) Section 220 (d) (3) (B) (ii) of the  
16 National Housing Act is amended by inserting after “Com-  
17 missioner” in the parenthetical phrase a comma and the  
18 following: “and, if the mortgagor is also the builder as  
19 defined by the Commissioner, shall include an allowance  
20 for builder’s and sponsor’s services, profit, and risk of 10 per  
21 centum of all of the foregoing items except the land unless  
22 the Commissioner, after certification that such allowance is  
23 unreasonable, shall by regulation prescribe a lesser per-  
24 centage”.

25 (b) Section 220 (d) (3) (B) (iii) of such Act is

1 amended by striking out “the foregoing limits” and inserting  
 2 in lieu thereof “any of the foregoing dollar amount limitations  
 3 per room contained in this paragraph”.

4 LOW-COST HOUSING FOR DISPLACED FAMILIES

5 SEC. 107. Section 221 (d) of the National Housing  
 6 Act is amended—

7 (1) by striking out “\$7,600” in paragraphs (2)  
 8 and (3) and inserting in lieu thereof “\$9,000”;

9 (2) by striking out “\$8,600” in paragraphs (2)  
 10 and (3) and inserting in lieu thereof “\$10,000”;

11 (3) by striking out “95 per centum of the appraised  
 12 value (as of the date the mortgage is accepted for  
 13 insurance) of a property, upon which there is located  
 14 a dwelling designed principally for a single-family  
 15 residence: *Provided*, That the mortgagor shall be the  
 16 owner and occupant of the property at the time of the  
 17 insurance and shall have paid on account of the prop-  
 18 erty at least 5 per centum of the Commissioner’s esti-  
 19 mate of the cost of acquisition in cash or its equivalent”  
 20 in paragraph (2) and inserting in lieu thereof the follow-  
 21 ing: “the appraised value (as of the date the mortgage  
 22 is accepted for insurance) of a property upon which  
 23 there is located a dwelling designed principally for a  
 24 single-family residence, less such amount as may be



1        necessary to comply with the succeeding proviso: *Pro-*  
 2        *vided*, That the mortgagor shall be the owner and occu-  
 3        pant of the property at the time of the insurance and  
 4        shall have paid on account of the property at least \$200  
 5        in cash or its equivalent (which amount may include  
 6        amounts to cover settlement costs and initial payments  
 7        for taxes, hazard insurance, mortgage insurance pre-  
 8        mium, and other prepaid expenses) ”;

9            (4) by striking out “95 per centum of” in para-  
 10       graph (3) ;

11           (5) by striking out “agencies thereof” in para-  
 12       graph (3) and inserting in lieu thereof “agencies thereof  
 13       or the Federal Housing Commissioner”; and

14           (6) by striking out “thirty” in paragraph (4) and  
 15       inserting in lieu thereof “forty”.

#### 16                                APPROVAL OF COST CERTIFICATIONS

17        SEC. 108. Section 227 of the National Housing Act is  
 18       amended—

19            (1) by inserting after the first sentence the follow-  
 20       ing new sentence: “Upon the Commissioner’s approval  
 21       of the mortgagor’s certification as required hereunder,  
 22       such certification shall be final and incontestable, ex-  
 23       cept for fraud or material misrepresentation on the part  
 24       of the mortgagor.”;

25            (2) by inserting after “legal expenses,” each place

1 it appears in paragraph (c) the following: "such allo-  
2 cations of general overhead items as are acceptable to  
3 the Commissioner,"; and

4 (3) by inserting after "maximum insurable mort-  
5 gage amount" in paragraph (b) a semicolon and the  
6 following: "except that if the mortgage is to assist  
7 the financing of repair or rehabilitation and no part of  
8 the proceeds will be used to finance the purchase of  
9 the land or structure involved, the approved percentage  
10 shall be 100 per centum"; and by striking out "(with-  
11 out reduction by reason of the application of the ap-  
12 proved percentage requirements of this section)" in  
13 clause (ii) (B) of paragraph (c).

14 Nothing contained in paragraph (3) shall be construed  
15 as affecting the limitations on maximum insurable mortgage  
16 amounts contained in sections 207, 220, and 221 of the  
17 National Housing Act.

## 18 TITLE II—HOUSING FOR ELDERLY PERSONS

### 19 LOANS TO NONPROFIT CORPORATIONS TO PROVIDE HOUSING 20 FOR ELDERLY FAMILIES AND ELDERLY PERSONS

21 SEC. 201. (a) The purpose of this section is to assist  
22 private nonprofit corporations to provide housing and related  
23 facilities for elderly families and elderly persons.

24 (b) (1) In order to carry out the purpose of this  
25 section, the Administrator may make loans to any corpora-



1 tion (as defined in subsection (d) (2) ) for the provision of  
2 rental housing and related facilities for elderly families and  
3 elderly persons, except that (A) no such loan shall be made  
4 unless the corporation shows that it is unable to secure the  
5 necessary funds from other sources upon terms and conditions  
6 equally as favorable as the terms and conditions applicable to  
7 loans under this section, and (B) no such loan shall be made  
8 unless the Administrator finds that the construction will be  
9 undertaken in an economical manner, and that it will not be  
10 of elaborate or extravagant design or materials.

11 (2) A loan to a corporation under this section may be in  
12 an amount not exceeding the total development cost (as de-  
13 fined in subsection (d) (3) ), as determined by the Adminis-  
14 trator; shall be secured in such manner and be repaid within  
15 such period, not exceeding fifty years, as may be determined  
16 by him; and shall bear interest at a rate determined by him  
17 which shall be not more than  $3\frac{1}{2}$  per centum per annum.

18 (3) To obtain funds for loans under this section, the  
19 Administrator may issue notes and obligations for purchase  
20 by the Secretary of the Treasury in an amount not to exceed  
21 \$250,000,000 outstanding at any one time. The amount  
22 outstanding at any one time for related facilities, as defined  
23 in subsection (d) (8) , shall not exceed \$50,000,000.

24 (4) Notes or other obligations issued by the Adminis-  
25 trator under this section shall be in such forms and denomina-

1 tions, have such maturities, and be subject to such terms and  
2 conditions as may be prescribed by the Administrator, with  
3 the approval of the Secretary of the Treasury. Such notes  
4 or other obligations issued to obtain funds for loans under  
5 this section shall bear interest at a rate determined by the  
6 Secretary of the Treasury which shall be not more than 3  
7 per centum per annum. The Secretary of the Treasury is  
8 authorized and directed to purchase any notes and other  
9 obligations of the Administrator issued under this section, and  
10 for such purpose is authorized to use as a public-debt trans-  
11 action the proceeds from the sale of any securities issued  
12 under the Second Liberty Bond Act, as amended, and the  
13 purposes for which securities may be issued under such Act,  
14 as amended, are extended to include any purchases of such  
15 notes and other obligations. The Secretary of the Treasury  
16 may at any time sell any of the notes or other obligations  
17 acquired by him under this subsection. All redemptions,  
18 purchases, and sales by the Secretary of the Treasury of such  
19 notes or other obligations shall be treated as public-debt  
20 transactions of the United States.

21 (5) There are authorized to be appropriated to the  
22 Administrator such sums as may be necessary, together with  
23 loan principal and interest payments made by any corpora-  
24 tion assisted hereunder, for payments of notes or other obli-  
25 gations of the Administrator under this section.



1       (c) (1) In the performance of, and with respect  
2 to, the functions, powers, and duties vested in him by this  
3 section, the Administrator, notwithstanding the provisions of  
4 any other law, shall—

5           (A) prepare and submit annually a budget program  
6 as provided for wholly-owned Government corporations  
7 by the Government Corporation Control Act; and

8           (B) maintain an integral set of accounts which  
9 shall be audited annually by the General Accounting  
10 Office in accordance with the principles and procedures  
11 applicable to commercial transactions as provided by  
12 the Government Corporation Control Act, and no other  
13 audit shall be required. Such financial transactions  
14 of the Administrator as the making of loans and  
15 vouchers approved by the Administrator in con-  
16 nection with such financial transactions shall be final  
17 and conclusive upon all officers of the Government.

18       (2) Funds made available to the Administrator pursu-  
19 ant to the provisions of this section shall be deposited in a  
20 checking account or accounts with the Treasurer of the  
21 United States. Receipts and assets obtained or held by the  
22 Administrator in connection with the performance of his  
23 functions under this section, and all funds available for carry-  
24 ing out the functions of the Administrator under this section  
25 (including appropriations therefor, which are hereby author-

1 ized), shall be available, in such amounts as may from year  
2 to year be authorized by the Congress, for the administrative  
3 expenses of the Administrator in connection with the per-  
4 formance of such functions.

5 (3) In the performance of, and with respect to, the  
6 functions, powers, and duties vested in him by this section,  
7 the Administrator, notwithstanding the provisions of any  
8 other law, may—

9 (A) prescribe such rules and regulations as may  
10 be necessary to carry out the purpose of this section;

11 (B) sue and be sued;

12 (C) foreclose on any property or commence any  
13 action to protect or enforce any right conferred upon him  
14 by any law, contract, or other agreement, and bid for  
15 and purchase at any foreclosure or any other sale any  
16 property in connection with which he has made a loan  
17 pursuant to this section. In the event of any such ac-  
18 quisition, the Administrator may, notwithstanding any  
19 other provision of law relating to the acquisition, han-  
20 dling, or disposal of real property by the United States,  
21 complete, administer, remodel and convert, dispose of,  
22 lease, and otherwise deal with, such property; but any  
23 such acquisition of real property shall not deprive any  
24 State or political subdivision thereof of its civil or crimi-  
25 nal jurisdiction in and over such property or impair



1 the civil rights under State or local laws of the in-  
2 habitants on such property;

3 (D) enter into agreements to pay annual sums in  
4 lieu of taxes to any State or local taxing authority with  
5 respect to any real property so acquired or owned;

6 (E) sell or exchange at public or private sale, or  
7 lease, real or personal property, and sell or exchange  
8 any securities or obligations, upon such terms as he  
9 may fix;

10 (F) obtain insurance against loss in connection with  
11 property and other assets held;

12 (G) subject to the specific limitations in this section,  
13 consent to the modification, with respect to the rate of  
14 interest, time of payment of any installment of principal  
15 or interest, security, or any other term or condition, of  
16 any contract or agreement to which he is a party or  
17 which has been transferred to him pursuant to this sec-  
18 tion; and

19 (H) include in any contract or instrument made  
20 pursuant to this title such other covenants, conditions,  
21 and provisions (including provisions to facilitate the en-  
22 forcement of paragraph (5) ) as he may deem necessary  
23 to assure that the purpose of this section will be achieved.

24 (4) Section 3709 of the Revised Statutes shall not  
25 apply to any contract for services or supplies on account of

1 any property acquired pursuant to this section if the amount  
2 of such contract does not exceed \$1,000.

3 (5) (A) Housing constructed with a loan made under  
4 this section shall not be used for transient or hotel purposes  
5 while such loan is outstanding.

6 (B) As used in subparagraph (A), the term "transient  
7 or hotel purposes" shall have such meaning as may be pre-  
8 scribed by the Administrator, but rental for any period  
9 less than thirty days shall in any event constitute use for  
10 such purposes. The provisions of subsections (f) through  
11 (j) of section 513 of the National Housing Act (as added  
12 by section 132 of the Housing Act of 1954) shall apply  
13 in the case of violations of subparagraph (A) as though  
14 the housing described in such subparagraph were multi-  
15 family housing (as defined in section 513 (e) (2) of the  
16 National Housing Act) with respect to which a mortgage  
17 is insured under such Act, except that for purposes of this  
18 paragraph the Administrator shall perform the functions  
19 vested in the Commissioner by such section 513.

20 (d) As used in this section—

21 (1) The term "housing" means (A) new struc-  
22 tures suitable for dwelling use by elderly families and  
23 new structures suitable for such use by one or more  
24 elderly persons, and (B) dwelling facilities provided by



1        rehabilitation, alteration, conversion, or improvement  
2        of existing structures which are otherwise inadequate  
3        for proposed dwelling use by such families and persons.

4            (2) The term “corporation” means any incorpo-  
5        rated private institution or foundation no part of the net  
6        earnings of which inures to the benefit of any private  
7        shareholder, contributor, or individual, if such institution  
8        or foundation is approved by the Administrator as to  
9        financial responsibility.

10          (3) The term “development cost” means costs of  
11        construction of housing and of other related facilities,  
12        and of the land on which it is located, including neces-  
13        sary site improvement.

14          (4) The term “elderly families” means families  
15        the head of which (or his spouse) is sixty-five years  
16        of age or over; and the term “elderly persons” means  
17        persons who are sixty-five years of age or over.

18          (5) The term “State” includes the several States,  
19        the District of Columbia, the Commonwealth of Puerto  
20        Rico, and the Territories and possessions of the United  
21        States.

22          (6) The term “Administrator” means the Housing  
23        and Home Finance Administrator.

24          (7) The term “construction” means erection of

1 new structures, or rehabilitation, alteration, conversion,  
2 or improvement of existing structures.

3 (8) The term "related facilities" means (A) new  
4 structures suitable for use as cafeterias or dining halls,  
5 community rooms or buildings, or infirmaries or other  
6 inpatient or outpatient health facilities, or for other  
7 essential service facilities, and (B) structures suitable  
8 for the above uses provided by rehabilitation, alteration,  
9 conversion, or improvement of existing structures which  
10 are otherwise inadequate for such uses.

11 LOW-RENT PUBLIC HOUSING FOR THE ELDERLY

12 SEC. 202. (a) Paragraph (2) of section 2 of the  
13 United States Housing Act of 1937 is amended by adding  
14 at the end thereof the following new sentences: "The term  
15 'families' includes (A) a person sixty-five years of age or  
16 over, and (B) the remaining member of a tenant family.  
17 The term 'elderly families' means families the head of which  
18 (or his spouse) is sixty-five years of age or over."

19 (b) Section 10 of such Act is amended by adding at  
20 the end thereof the following new subsection:

21 "(m) For the purpose of increasing the supply of low-  
22 rent housing for elderly families, the Authority may assist  
23 the construction of new housing in order to provide accom-  
24 modations designed specifically for such families, and may,



1 with the approval of the President, after July 1, 1956,  
2 without regard to the provisions of any other law, enter  
3 into contracts for loans and annual contributions provid-  
4 ing for not to exceed ten thousand new dwelling units  
5 designed specifically for such families (either as sepa-  
6 rate projects or as parts of projects), which num-  
7 ber shall be increased by ten thousand dwelling units on  
8 July 1, 1957, and on July 1, 1958. Such new dwelling  
9 units shall be in addition to the dwelling units for which  
10 annual contributions contracts are authorized by any other  
11 provision of law: *Provided*, That nothing in this subsection  
12 shall be construed to prevent the provision of dwelling units  
13 designed for elderly families under other authorizations.  
14 The total authorization otherwise provided for annual  
15 contributions under this Act shall be increased by  
16 \$4,000,000 per annum on July 1, 1956, and by the  
17 same amount on July 1, 1957, and on July 1, 1958. In the  
18 selection of tenants from among low-income families who  
19 are eligible applicants for occupancy in the dwelling units  
20 provided for under this subsection, a first preference (which  
21 shall be prior to any of the preferences provided in such  
22 subsection (g) ) shall be extended to elderly families.”

23 (c) Section 15 (5) of such Act is amended by inserting  
24 immediately before the colon in the first sentence the fol-

1   lowing: “or \$2,250 in the case of accommodations designed  
2   specifically for elderly families”.

3       (d) Section 15 (8) (b) of such Act is amended by  
4   inserting before the semicolon at the end thereof a comma  
5   and the following: “or in the case of an elderly family”.

6       (e) Subsection (d) of section 21 of such Act is amended  
7   by striking out “\$336,000,000” and inserting in lieu thereof  
8   “\$348,000,000”.

9                               DOWN-PAYMENT ASSISTANCE

10       SEC. 203. Section 203 (b) (2) of the National Housing  
11   Act is amended by striking out the final period and inserting  
12   in lieu thereof a comma and the following: “except that  
13   with respect to a mortgage executed by a mortgagor who is  
14   sixty years of age or older as of the date the mortgage is  
15   endorsed for insurance, the mortgagor’s payment required  
16   by this proviso may be paid by an individual other than  
17   the mortgagor under such terms and conditions as the Com-  
18   missioner may prescribe.”

19       TITLE III—SECONDARY MORTGAGE MARKET

20                               FEDERAL NATIONAL MORTGAGE ASSOCIATION

21       SEC. 301. (a) Section 302 (b) of the National Hous-  
22   ing Act is amended—

23               (1) by striking out “and (2)” and inserting in lieu  
24   thereof “(2)”;



1           (2) by striking out “if (i)” and inserting in lieu  
2 thereof “if”; and

3           (3) by striking out “or (ii) the original principal  
4 obligation thereof exceeds or exceeded \$15,000 for each  
5 family residence or dwelling unit covered by the mort-  
6 gage” and inserting in lieu thereof “; and (3) the  
7 Association may not purchase any mortgage, except a  
8 mortgage insured under section 803 or a mortgage cover-  
9 ing property located in Alaska, Guam, or Hawaii, if the  
10 original principal obligation thereof exceeds or exceeded  
11 \$15,000 for each family residence or dwelling unit  
12 covered by the mortgage”.

13       (b) The first sentence of section 303 (b) of such Act  
14 is amended to read as follows: “The Association shall accumu-  
15 late funds for its capital surplus account from private sources  
16 by requiring each mortgage seller to make payments of  
17 nonrefundable capital contributions equal to not more than  
18 2 per centum of the unpaid principal amount of mortgages  
19 therein involved in purchases or contracts for purchases  
20 between such seller and the Association: *Provided*, That  
21 payment of such capital contributions shall not be required in  
22 connection with any advance commitment to purchase a  
23 mortgage in secondary market operations under section 304  
24 unless such mortgage is actually purchased pursuant to such  
25 commitment.”

1       (c) (1) Section 304 (a) of such Act is amended by  
2 adding at the end thereof the following new sentence: "Not-  
3 withstanding any other provision of this section, advance  
4 commitments to purchase mortgages in secondary market  
5 operations under this section shall be issued only at prices  
6 which are sufficient to facilitate advance planning of home  
7 construction, but which are sufficiently below the price then  
8 offered by the Association for immediate purchase to prevent  
9 excessive sales to the Association pursuant to such commit-  
10 ments."

11       (2) Section 304 (d) of such Act is amended to read  
12 as follows:

13       “(d) The Association may not purchase participations  
14 in its operations under this section.”

15       (d) The second sentence of section 305 (b) of such Act  
16 is amended to read as follows: “Subject to the provisions  
17 of this section, the prices to be paid by the Association for  
18 mortgages purchased in its operations under this section  
19 (including mortgages purchased under subsections (e), (f),  
20 and (g)) shall be established from time to time by the  
21 Association; except that in no event shall the Association  
22 enter into a commitment or other contract, during the period  
23 beginning on the date of the enactment of the Housing Act  
24 of 1956 and ending June 30, 1957, for the purchase of any  
25 such mortgage at less than 100 per centum of the unpaid



1 principal amount thereof at the time of purchase, with  
2 adjustments for interest and any comparable items.”

3 (e) Section 305 (c) of such Act is amended by  
4 striking out “\$200,000,000” and inserting in lieu thereof  
5 “\$400,000,000”.

6 (f) Section 305 (e) of such Act is amended by striking  
7 out “but not more than \$5,000,000 of such authorization  
8 shall be available for such commitments in any one State”  
9 and inserting in lieu thereof “but such commitments in  
10 any one State shall not exceed \$5,000,000 outstanding at  
11 any one time”.

12 (g) Section 305 (f) of such Act is amended by striking  
13 out “by the Housing Amendments of 1955” and inserting  
14 in lieu thereof “on or after August 11, 1955”.

15 (h) Section 305 of such Act is further amended by add-  
16 ing at the end thereof the following new subsection:

17 “(g) Notwithstanding any other provision of this Act,  
18 the Association is authorized to make commitments to  
19 purchase and to purchase, service, or sell, any mortgage  
20 with respect to which the Federal Housing Commissioner,  
21 on or after the date of the enactment of this subsection,  
22 shall have issued a commitment to insure pursuant to section  
23 203 (i) : *Provided*, That the total amount of purchases and  
24 commitments authorized by this subsection shall not exceed  
25 \$50,000,000 outstanding at any one time, and the amount

1 of such purchases and commitments in any State shall not  
2 exceed \$5,000,000 outstanding at any one time.”

3 (i) So much of section 305 (c) of such Act as pre-  
4 cedes the proviso is amended by striking out “purchasers”  
5 and inserting in lieu thereof “purchases”.

6 (j) (1) The last sentence of section 306 (c) of such  
7 Act is amended by striking out “and subsection (e) of this  
8 section”.

9 (2) Section 306 (e) of such Act is repealed.

10 INVESTMENT OF NATIONAL SERVICE LIFE INSURANCE FUND

11 SEC. 302. (a) The Secretary of the Treasury is hereby  
12 authorized to invest and reinvest not in excess of 10 per  
13 centum of the National Service Life Insurance Fund by  
14 purchasing loans which are guaranteed pursuant to section  
15 501 of the Servicemen’s Readjustment Act of 1944, as  
16 amended, and which are secured by property located  
17 in geographic areas where private capital is found by  
18 the Secretary to be generally available for guaranteed  
19 loans only at an excessive discount, in order to stabilize  
20 the price at which such loans generally will be salable to in-  
21 vestors. The price to be paid for such loans shall not exceed  
22 the unpaid principal balance thereof, plus accrued interest.  
23 No such loan shall be purchased hereunder except from the  
24 original mortgagee prior to any other sale thereof. No such



1 loan shall be purchased hereunder after July 25, 1957, ex-  
2 cept pursuant to an agreement to purchase made on or  
3 before such date. Loans will be eligible for purchase  
4 hereunder only if guaranteed on or after the date of  
5 the enactment of this Act, and loans so purchased  
6 may be sold for an amount not less than the unpaid prin-  
7 cipal balance plus accrued interest. If any loan acquired  
8 under this section by the Secretary of the Treasury shall  
9 default, and the Secretary determines the default to be in-  
10 soluble, such loan and the security therefor shall be assigned  
11 to the Administrator of Veterans' Affairs, who shall pay to  
12 the Fund (in the manner provided by the first proviso in  
13 section 506 of the Servicemen's Readjustment Act of 1944)  
14 the entire unpaid principal balance of the loan plus accrued  
15 interest.

16 (b) The Federal National Mortgage Association shall  
17 act as the agent of the Secretary of the Treasury with  
18 respect to the purchase, servicing, and sale of such  
19 loans. The Secretary shall reimburse the Federal Na-  
20 tional Mortgage Association for expenses incurred by it  
21 in carrying out such functions from the income derived from  
22 such loans; but such reimbursement shall not exceed an  
23 amount, payable from the interest portion of each monthly  
24 installment applicable to principal and interest collected,  
25 equal to three-fourths of 1 per centum per annum computed

1 on the same principal amount and for the same period as  
2 the interest portion of such installment.

3 TITLE IV—SLUM CLEARANCE AND URBAN  
4 RENEWAL

5 SLUM CLEARANCE AND URBAN RENEWAL

6 SEC. 401. (a) Section 105 (a) of the Housing Act of  
7 1949, as amended, is amended by striking out “(including  
8 any redevelopment plan constituting a part thereof)”.

9 (b) Section 106 (e) of such Act is amended by strik-  
10 ing out “\$70,000,000” and inserting in lieu thereof  
11 “\$100,000,000”.

12 (c) Section 106 of such Act is amended by adding at the  
13 end thereof the following new subsection:

14 “(f) (1) Notwithstanding any other provision of this  
15 title, an urban renewal project respecting which a contract  
16 for a capital grant is executed under this title may include  
17 the making of relocation payments (as defined in paragraph  
18 (2) ) ; and such contract shall provide that the capital grant  
19 otherwise payable under this title shall be increased by an  
20 amount equal to such relocation payments and that no part of  
21 the amount of such relocation payments shall be required to  
22 be contributed as part of the local grant-in-aid.

23 “(2) As used in this subsection, the term ‘relocation  
24 payments’ means payments by a local public agency, in  
25 connection with a project, to individuals, families, and busi-



1   ness concerns for their reasonable and necessary moving  
2   expenses and any other losses of property except goodwill  
3   (which are incurred on and after the date of the enactment  
4   of the Housing Act of 1956, and for which reimbursement  
5   or compensation is not otherwise made) resulting from their  
6   displacement by an urban renewal project included in an  
7   urban renewal area respecting which a contract for capital  
8   grant has been executed under this title. Such payments  
9   shall be made subject to such rules and regulations pre-  
10  scribed by the Administrator as are in effect on the date  
11  of execution of the contract for capital grant (or the date on  
12  which the contract is amended pursuant to paragraph (3)),  
13  and shall not exceed \$200 in the case of an individual or  
14  family, or \$5,000 in the case of a business concern.

15       “(3) Any contract with a local public agency which  
16  was executed under this title before the date of the enact-  
17  ment of the Housing Act of 1956 may be amended to pro-  
18  vide for payments under this subsection for expenses and  
19  losses incurred on or after such date.”

20       (d) Section 110 (b) of such Act is amended by insert-  
21  ing “and” after the semicolon at the end of clause (1),  
22  and by striking out “; and (3)” and all that follows and  
23  inserting in lieu thereof a period.

24       (e) Section 110 (b) of such Act is further amended  
25  by adding at the end thereof the following new sentence:

1 “If the plan includes the construction of a hotel, it shall  
2 contain a certification that a survey of anticipated profits  
3 has been made by a recognized independent firm and that  
4 the results of such survey indicate that additional hotel  
5 facilities in the area are needed and can be built and  
6 operated profitably.”

7 DISASTER AREAS

8 SEC. 402. (a) Title I of the Housing Act of 1949, as  
9 amended, is amended by adding at the end thereof the fol-  
10 lowing new section:

11 “DISASTER AREAS

12 “SEC. 111. Where the local governing body certifies,  
13 and the Administrator finds, that an urban area is in need  
14 of redevelopment or rehabilitation as a result of a flood, fire,  
15 hurricane, earthquake, storm, or other catastrophe which  
16 the President, pursuant to section 2 (a) of the Act entitled  
17 ‘An Act to authorize Federal assistance to States and local  
18 governments in major disasters, and for other purposes’  
19 (Public Law 875, Eighty-first Congress, approved Septem-  
20 ber 30, 1950), as amended, has determined to be a major  
21 disaster, the Administrator is authorized to extend financial  
22 assistance under this title for an urban renewal project with  
23 respect to such area without regard to the following:

24 “(1) the ‘workable program’ requirement in section  
25 101 (c), except that any contract for temporary loan or



1 capital grant pursuant to this section shall obligate the  
2 local public agency to comply with the 'workable pro-  
3 gram' requirement in section 101 (c) by a future date  
4 determined to be reasonable by the Administrator and  
5 specified in such contract;

6 “(2) the requirements in section 105 (a) (iii) and  
7 section 110 (b) (1) that the urban renewal plan con-  
8 form to a general plan of the locality as a whole and to  
9 the workable program referred to in section 101 (c) ;

10 “(3) the 'relocation' requirements in section 105  
11 (c) : *Provided*, That the Administrator finds that the  
12 local public agency has presented a plan for the en-  
13 couragement, to the maximum extent feasible, of the  
14 provision of dwellings suitable for the needs of families  
15 displaced by the catastrophe or by redevelopment or  
16 rehabilitation activities;

17 “(4) the 'public hearing' requirement in section  
18 105 (d) ;

19 “(5) the requirements in sections 102 and 110  
20 that the urban renewal area be a slum area or a blighted,  
21 deteriorated, or deteriorating area; and

22 “(6) the requirements in section 110 with respect  
23 to the predominantly residential character or predomi-  
24 nantly residential re-use of urban renewal areas.

25 In the preparation of the urban renewal plan with

1 respect to a project aided under this section, the local public  
2 agency shall give due regard to the removal or relocation of  
3 dwellings from the site of recurring floods or other recurring  
4 catastrophes in the project area.”

5 (b) Subparagraph (A) of section 220 (d) (1) of the  
6 National Housing Act is amended to read as follows:

7 “(A) be located in (i) the area of a slum  
8 clearance and urban redevelopment project covered  
9 by a Federal-aid contract executed, or a prior ap-  
10 proval granted, pursuant to title I of the Housing  
11 Act of 1949 before the effective date of the Hous-  
12 ing Act of 1954, or (ii) an urban renewal area  
13 (as defined in title I of the Housing Act of 1949,  
14 as amended) in a community respecting which the  
15 Housing and Home Finance Administrator has  
16 made the certification to the Commissioner pro-  
17 vided for by subsection 101 (c) of the Housing  
18 Act of 1949, as amended, or (iii) the area of an  
19 urban renewal project assisted under section 111  
20 of the Housing Act of 1949, as amended: *Provided,*  
21 That, in the case of an area within the purview  
22 of clause (i) or (ii) of this subparagraph, a re-  
23 development plan or an urban renewal plan (as  
24 defined in title I of the Housing Act of 1949,  
25 as amended), as the case may be, has been ap-



1           proved for such area by the governing body of the  
2           locality involved and by the Housing and Home  
3           Finance Administrator, and the Administrator has  
4           certified to the Commissioner that such plan con-  
5           forms to a general plan for the locality as a whole  
6           and that there exist the necessary authority and  
7           financial capacity to assure the completion of such  
8           redevelopment or urban renewal plan: *And pro-*  
9           *vided further,* That, in the case of an area within  
10          the purview of clause (iii) of this subparagraph, an  
11          urban renewal plan (as required for projects  
12          assisted under such section 111) has been approved  
13          for such area by such governing body and by  
14          the Administrator, and the Administrator has  
15          certified to the Commissioner that such plan con-  
16          forms to definite local objectives respecting appro-  
17          priate land uses, improved traffic, public transporta-  
18          tion, public utilities, recreational and community  
19          facilities, and other public improvements, and that  
20          there exist the necessary authority and financial  
21          capacity to assure the completion of such urban  
22          renewal plan, and”.

23          (c) Section 221 (a) of the National Housing Act is  
24          amended—

25          (1) by adding immediately before the period at

1 the end of the first sentence a comma and the following:

2 “or (3) there is being carried out an urban renewal  
3 project assisted under section 111 of the Housing Act  
4 of 1949, as amended”; and

5 (2) by striking out “clause (2)” each place it  
6 appears in the last proviso and inserting in lieu thereof  
7 “clause (2) or (3)”.

8 (d) The second sentence of section 701 of the  
9 Housing Act of 1954 is amended to read as follows:  
10 “The Administrator is further authorized to make planning  
11 grants for similar planning work (1) in metropolitan and  
12 regional areas to official State, metropolitan, or regional  
13 planning agencies empowered under State or local laws  
14 to perform such planning; (2) to cities, other municipalities,  
15 and counties having a population of twenty-five thousand  
16 or more according to the latest decennial census which  
17 have suffered substantial damage as a result of a flood, fire,  
18 hurricane, earthquake, storm, or other catastrophe which  
19 the President, pursuant to section 2 (a) of the Act entitled  
20 ‘An Act to authorize Federal assistance to States and local  
21 governments in major disasters, and for other purposes’  
22 (Public Law 875, Eighty-first Congress, approved Septem-  
23 ber 30, 1950), as amended, has determined to be a major  
24 disaster; and (3) to State planning agencies, to be used for  
25 the provision of planning assistance to the cities, other



1 municipalities, and counties referred to in clause (2)  
2 hereof.”

3 URBAN PLANNING AUTHORIZATION

4 SEC. 403. The last sentence of section 701 of the Hous-  
5 ing Act of 1954 is amended by striking out “\$5,000,000”  
6 and inserting in lieu thereof “\$10,000,000”.

7 RESERVE OF PLANNED PUBLIC WORKS

8 SEC. 404. Section 703 of the Housing Act of 1954 is  
9 amended by inserting before the period at the end thereof  
10 a comma and the following: “or any educational institu-  
11 tion (as defined in section 404 (b) of the Housing Act of  
12 1950) ”.

13 ASSISTANCE TO SMALL BUSINESS CONCERNS DISPLACED  
14 FROM URBAN RENEWAL AREAS

15 SEC. 405. (a) Section 207 of the Small Business Act  
16 of 1953 is amended by adding at the end thereof the follow-  
17 ing new subsection:

18 “(c) The Administration also is empowered to make  
19 such loans (either directly or in cooperation with banks or  
20 other lending institutions through agreements to participate  
21 on an immediate or deferred basis) as it may determine to  
22 be necessary or appropriate to assist small-business concerns  
23 which have been displaced from urban renewal areas as the  
24 result of urban renewal projects (as defined in section 110  
25 (c) of the Housing Act of 1949, as amended) to meet the

1 expenses (including uncompensated expenses of acquiring,  
2 constructing, or renovating their new premises and of acquir-  
3 ing necessary land, equipment, facilities, machinery, sup-  
4 plies, materials, or working capital) arising out of or reason-  
5 ably related to their relocation in new areas. Any loan  
6 under this subsection may be made with such security as is  
7 available and with due regard to the average earnings of the  
8 business in the five years preceding displacement. No such  
9 loan shall be made if the total amount outstanding and com-  
10 mitted (by participation or otherwise) to the borrower from  
11 the revolving fund established by this title would exceed  
12 \$250,000. No such loan including renewals and extensions  
13 thereof may be made for a period or periods exceeding  
14 twenty years. The interest rate on the Administration's  
15 share of loans made under this subsection shall not exceed  
16 4 per centum per annum."

17 (b) Subsection (c) of section 207 of such Act, as added  
18 by subsection (a) of this section, shall apply only with  
19 respect to small-business concerns displaced from urban re-  
20 newal areas on or after the date of the enactment of this Act.

21 (c) Section 204 (b) of such Act is amended—

22 (1) by striking out "\$375,000,000" each place it  
23 appears and inserting in lieu thereof "\$400,000,000";

24 (2) by striking out "section 207 (a), (b) (1),  
25 (b) (2), and (b) (3)" and inserting in lieu thereof



1       “section 207 (a), (b) (1), (b) (2), (b) (3), and  
2       (c)”; and

3       (3) by inserting after the seventh sentence the  
4       following new sentence: “Not to exceed an aggregate  
5       of \$25,000,000 shall be used for the purpose stated  
6       in section 207 (c).”

## 7                   TITLE V—PUBLIC HOUSING

### 8                   CONTRACTS FOR ANNUAL CONTRIBUTIONS

9       SEC. 501. (a) Subsection (i) of section 10 of the  
10      United States Housing Act of 1937 is amended, effective  
11      August 1, 1956, to read as follows:

12      “(i) Notwithstanding any other provision of law (ex-  
13      cept as hereinafter provided in this section) the Authority  
14      may enter into new contracts for loans and annual contribu-  
15      tions after July 31, 1956, for not more than fifty thousand  
16      additional dwelling units, which amount shall be increased  
17      by fifty thousand additional dwelling units on July 1, 1957,  
18      and on July 1, 1958, and may enter into only such new  
19      contracts for preliminary loans in respect thereto as are  
20      consistent with the number of dwelling units for which con-  
21      tracts for annual contributions may be entered into here-  
22      under: *Provided*, That any balance of the authorization  
23      provided by this subsection as amended by section 108 (b)  
24      of the Housing Amendments of 1955, not utilized by July  
25      31, 1956, shall be available in any succeeding year: *And*

1 *provided further*, That no new contracts for loans and annual  
2 contributions for additional dwelling units in excess of the  
3 number authorized in this sentence shall be entered into  
4 unless authorized by the Congress.”

5 (b) Clause (2) of the third proviso in the first para-  
6 graph (captioned “Annual contributions”) under the head-  
7 ing “Public Housing Administration” in title I of the Inde-  
8 pendent Offices Appropriation Act, 1953 (66 Stat. 403),  
9 is repealed.

#### 10 FARM LABOR CAMPS

11 SEC. 502. Section 12 (f) of the United States Hous-  
12 ing Act of 1937 is amended by adding at the end thereof  
13 the following: “Notwithstanding any other provision of law,  
14 upon the filing of a request therefor within eighteen months  
15 after the date of the enactment of this sentence, the Au-  
16 thority shall relinquish, transfer, and convey, without  
17 monetary consideration, all of its rights, title, and interest  
18 in and with respect to any such project or any part thereof  
19 (including such land as is determined by the Authority to  
20 be reasonably necessary to the operation of such proj-  
21 ect, and including contractual rights to revenues, reserves,  
22 and other proceeds therefrom), (1) in the case of any  
23 State other than Florida, to any public housing agency  
24 whose area of operation includes the project, upon a finding  
25 and certification by the public housing agency (which shall



1 be conclusive upon the Authority) that the project is needed  
2 to house persons and families of low income and that pref-  
3 erence for occupancy in the project will be given first to  
4 low-income agricultural workers and their families and  
5 second to other low-income persons and their families;  
6 and (2) in the case of Florida, to any public housing agency  
7 in the State whenever, under the laws of the State, such  
8 agency (A) is authorized to acquire and operate such  
9 project, (B) is required to give preference for occupancy  
10 in such project, first, to low-income agricultural workers  
11 and their families, and second, to other low-income persons  
12 and their families, (C) is required, in the event of the dis-  
13 position of such project by sale or otherwise, to use the pro-  
14 ceeds thereof and any available accumulated earnings to  
15 construct facilities (which shall be subject to the same pref-  
16 erences as those specified in clause (B)) for occupancy by  
17 low-income agricultural workers and their families in the  
18 same area, and (D) is required, so long as it continues  
19 to own or operate such project, to have on its man-  
20 aging board one or more members whose principal occupa-  
21 tion is farming. Upon the relinquishment and transfer of any

1 such project it shall cease to be a low-rent project within the  
2 meaning of this Act, and the Authority shall have no further  
3 jurisdiction over it, except that in any conveyance under the  
4 preceding sentence the Authority shall reserve to the United  
5 States any mineral rights of any nature whatsoever upon,  
6 in, or under the property, including such rights of access  
7 to and the use of such parts of the surface of the property  
8 as may be necessary for mining and saving the minerals.  
9 Any project or part thereof not relinquished and conveyed  
10 pursuant to this subsection or under a contract for disposal  
11 pursuant to this subsection within eighteen months after the  
12 date of the enactment of this sentence shall be disposed of  
13 by the Authority pursuant to subsection (e) of section 13  
14 of this Act, notwithstanding the parenthetical clause in such  
15 subsection.”

16 DISPOSITION OF DEFENSE HOUSING

17 SEC. 503. (a) Notwithstanding the provisions of any  
18 other law, there are hereby transferred to the jurisdiction of  
19 the Department of Defense, effective July 1, 1956, all right,  
20 title, and interest, including contractual rights and obliga-  
21 tions and any reversionary interest, held by the Federal



- 1 Government in and with respect to all real and personal
- 2 property comprising the following housing projects:

Project Numbered	Location
ALA-1D1-----	Ozark, Alabama.
ALA-1D2-----	Ozark, Alabama.
ALA-2D1-----	Foley, Alabama.
ALA-2D2-----	Foley, Alabama.
ARIZ-1D1-----	Yuma, Arizona.
ARIZ-1D2-----	Yuma, Arizona.
ARIZ-3D1-----	Flagstaff, Arizona.
CAL-3D1-----	Oceanside, California.
CAL-3D2-----	Oceanside, California.
CAL-4D1-----	Miramar, California.
CAL-6D1-----	San Ysidro, California.
CAL-7D2-----	Barstow, California.
CAL-9D1-----	Barstow, California.
CAL-9D2-----	Barstow, California.
CAL-10D1-----	Twentynine Palms, California.
COLO-1D1-----	Colorado Springs, Colorado.
FLA-2D1-----	Green Cove Springs, Florida.
FLA-4D1-----	Milton, Florida.
FLA-8082-----	Pensacola, Florida.
FLA-8084-----	Pensacola, Florida.
GA-1D1-----	Hinesville, Georgia.
KAN-3D1-----	Hutchinson, Kansas.
ME-4D1-----	Brunswick, Maine.
MD-1D1-----	Bainbridge, Maryland.
MO-1D1-----	Waynesville, Missouri.
MO-2D1-----	Waynesville, Missouri.
MO-4D1-----	Waynesville, Missouri.
MO-5D1-----	Waynesville, Missouri.
NEV-2D1-----	Fallon, Nevada.
NC-1D1-----	Camp LeJeune, North Carolina.
NC-3D1-----	Camp LeJeune, North Carolina.
NC-4D1-----	Elizabeth City, North Carolina.
RI-1D1-----	Portsmouth, Rhode Island.
RI-2D1-----	Portsmouth, Rhode Island.
TEX-2D1-----	Kingsville, Texas.
TEX-3D1-----	Hondo, Texas.
TEX-5D1-----	Beeville, Texas.
TEX-5D2-----	Beeville, Texas.
TEX-6D1-----	Mission, Texas.
VA-6D1-----	Quantico, Virginia.
VA-10D1-----	Yorktown, Virginia.
VA-12D1-----	Yorktown, Virginia.
VA-13D1-----	Williamsburg, Virginia.

1 The provisions of title III of the Defense Housing and Com-  
2 munity Facilities and Services Act of 1951, as amended,  
3 and of the Act entitled "An Act to expedite the provision  
4 of housing in connection with national defense, and for other  
5 purposes", approved October 14, 1940, as amended, shall  
6 not apply to any property transferred hereunder and, except  
7 as otherwise provided herein, the laws relating to similar  
8 property of the Department of Defense shall be applicable  
9 to the property transferred. The Department of Defense  
10 is authorized to utilize any revenues derived from the prop-  
11 erty transferred hereunder, after its transfer, for the mainte-  
12 nance, operation, improvement, and liquidation of such prop-  
13 erty and for administrative expenses in connection therewith.

14 (b) Notwithstanding the provisions of this or any other  
15 law, any housing constructed or acquired under the pro-  
16 visions of title III of the Defense Housing and Community  
17 Facilities and Services Act of 1951, as amended, which  
18 is not transferred under the provisions of subsection (a)  
19 hereof shall, as expeditiously as possible, but not later  
20 than June 30, 1958, be disposed of on a competitive bid basis  
21 to the highest responsible bidder upon such terms and after  
22 such public advertisement as the Housing and Home Finance  
23 Administrator may deem in the public interest; except that



1 the Administrator may reject any bid which he deems less  
2 than the fair market value of the property and may there-  
3 after dispose of the property by negotiation: *Provided*, That  
4 the third proviso in section 302 (b) of such Act shall be  
5 applicable to housing disposed of under this subsection, except  
6 that project numbered IDA-2D1 at Cobalt, Idaho, shall be  
7 sold only for use on the site.

8 (c) The Housing and Home Finance Administrator is  
9 hereby directed to convey (pursuant to the provisions of  
10 section 606 of the Act entitled "An Act to expedite the  
11 provision of housing in connection with national defense, and  
12 for other purposes", approved October 14, 1940, as  
13 amended): (1) housing project numbered RI-37013 to  
14 the Housing Authority of the City of Newport, Rhode Island:  
15 *Provided*, That, notwithstanding the provisions of that section  
16 or of any other law, the agreement required by that section  
17 shall permit the use of the project in whole or in part for the  
18 housing of military personnel without regard to their income,  
19 and shall require the Authority, in selecting tenants, to give  
20 a first preference in respect of three hundred and sixty dwell-  
21 ing units to such military personnel as the Secretary of De-  
22 fense or his designee prescribes for three years after the date  
23 of conveyance and to give thirty days' advance notice of  
24 available vacancies to such designee, and (2) housing proj-  
25 ects numbered PA-36011 and PA-36012 to the Housing

1 Authority of Philadelphia, Pennsylvania: *Provided*, That  
2 notwithstanding the provisions of that section or of any other  
3 law, the agreement required by that section shall permit the  
4 use of the projects in whole or in part for the housing of  
5 military personnel without regard to their income, and shall  
6 require the Authority, in selecting tenants, to give a first  
7 preference in respect of seven hundred dwelling units to such  
8 military personnel as the Secretary of Defense or his designee  
9 prescribes for three years after the date of conveyance and  
10 to give thirty days' advance notice of available vacancies to  
11 such designee.

12 (d) Title VI of the Act entitled "An Act to expedite  
13 the provision of housing in connection with national defense,  
14 and for other purposes", approved October 14, 1940, as  
15 amended, is amended by adding at the end thereof the  
16 following new section:

17 "SEC. 614. (a) Notwithstanding the provisions of this  
18 or any other law, (1) any housing to be sold on site deter-  
19 mined by the Administrator to be permanent, located on  
20 lands owned by the United States and under the jurisdic-  
21 tion of the Administrator, which is not relinquished, trans-  
22 ferred, under contract of sale, sold, or otherwise disposed of  
23 by the Administrator under other provisions of this Act or  
24 under the provisions of other law by January 1, 1958, except  
25 housing which is determined by the Administrator by that



1 date to be suitable for sale in accordance with section 607  
2 (b) of this Act; and (2) any permanent housing to be  
3 sold off site which is not relinquished, transferred, under con-  
4 tract of sale, sold, or otherwise disposed of prior to the effec-  
5 tive date of this section shall be disposed of, as expeditiously  
6 as possible, on a competitive basis to the highest responsible  
7 bidder upon such terms and after such public advertisement  
8 as the Administrator may deem in the public interest; ex-  
9 cept that the Administrator may reject any bid which he  
10 deems less than the fair market value of the property and  
11 may thereafter dispose of the property by negotiation.

12 “(b) Notwithstanding the provisions of this or any  
13 other law, all contracts entered into after the enact-  
14 ment of the Housing Act of 1956 for the sale, transfer, or  
15 other disposal of housing (other than housing subject to the  
16 provisions of section 607 (b) of this Act) determined by the  
17 Administrator to be permanent, except contracts entered into  
18 pursuant to subsection (a) hereof, shall require that if title  
19 does not pass to the purchaser by April 1, 1958 (or within  
20 sixty days thereafter if such time is necessary to cure defects  
21 in title in accordance with the provisions of the contract), the  
22 rights of the purchaser shall terminate and thereafter the  
23 housing shall be sold under the provisions of subsection (a)  
24 hereof. For the purposes of this subsection, title shall be

1 considered to have passed upon the execution of a conditional  
2 sales contract.

3 “(c) The dates set forth in subsections (a) and (b)  
4 of this section shall not be subject to change by virtue of the  
5 provisions of section 611 of this Act.”

6 TRANSFER OF CERTAIN OTHER FEDERALLY-HELD PROPERTY

7 SEC. 504. (a) Notwithstanding any other provision of  
8 law, the Housing and Home Finance Administrator is au-  
9 thorized to sell and convey, at fair market value as deter-  
10 mined by him on the basis of an appraisal made by an inde-  
11 pendent real-estate expert, to the city of Alexandria, Vir-  
12 ginia, or to the Alexandria Redevelopment and Housing  
13 Authority, or to any agency or corporation established or  
14 sponsored in the public interest by such city, all of the right,  
15 title, and interest of the United States in and to the Chin-  
16 quapin Village housing project, VA-44131, located in Alex-  
17 andria, Virginia. Any sale pursuant to this authorization  
18 shall be made within six months after the date of the enact-  
19 ment of this subsection and shall be on such terms and con-  
20 ditions as the Administrator shall determine.

21 (b) (1) Notwithstanding any other provision of law,  
22 the Public Housing Commissioner is authorized and directed  
23 to sell and convey by quitclaim deed to the Georgia Insti-  
24 tute of Technology, upon full payment in cash of the pur-  
25 chase price determined under paragraph (2), all of the



1 right, title, and interest of the United States in and to that  
2 real property (including furniture, fixtures, and equipment  
3 located on the property on the date of the execution of the  
4 contract of sale under this subsection), situated in Atlanta,  
5 Georgia, known as the Techwood Dormitory and more par-  
6 ticularly described as follows:

7 Commencing at the intersection of the south line of  
8 North Avenue with the east line of Techwood Drive; thence  
9 running north 89 degrees 45 minutes east 94.47 feet along  
10 the south line of North Avenue to the east line of property  
11 formerly owned by Mrs. Emma L. Ellis; thence south 00  
12 degrees 12.5 minutes east 155.0 feet more or less to the  
13 south line of an alley formerly known as Linden Alley and  
14 the north line of property formerly owned by Mildred W.  
15 Seydel; thence north 89 degrees 45 minutes east along the  
16 south line of said alley 170.0 feet more or less to a point in  
17 the south side of said alley which is distant 100.0 feet  
18 westerly from the west line of William Street; thence south  
19 00 degrees 12.5 minutes east 290.0 feet more or less to a  
20 point on the south side of the former location of Linden  
21 Avenue, which point is 100.0 feet more or less west of the  
22 west line of Williams Street; thence running south 89 de-  
23 grees 45 minutes west 281.57 feet more or less along the

1 south side of the former location of Linden Avenue to its  
2 intersection with the east line of Techwood Drive; thence  
3 north 00 degrees 02 minutes east 293.88 feet more or less  
4 along the east line of Techwood Drive; thence north 6 de-  
5 grees 06 minutes east 151.98 feet more or less along the east  
6 line of Techwood Drive to its intersection with the south  
7 line of North Avenue and the point of beginning.

8 (2) The purchase price of the property referred to in  
9 paragraph (1) shall be the fair market value of the land  
10 described in such paragraph on the date of the execution of  
11 the contract of sale under this subsection, as determined by  
12 the Public Housing Commissioner, excluding for purposes  
13 of such determination the value of any buildings, furniture,  
14 fixtures, and equipment located on such land.

15 (3) If the property referred to in paragraph (1) is not  
16 sold and conveyed to the Georgia Institute of Technology  
17 within six months after the date of the enactment of this Act,  
18 the Public Housing Commissioner shall dispose of such prop-  
19 erty at public sale to the highest competitive bidder.

20 PAYMENTS IN LIEU OF TAXES

21 SEC. 505. Notwithstanding the provisions of any other  
22 law or any contract or rule of law, the Public Housing Com-  
23 missioner shall approve payments in lieu of taxes for project



- 1 fiscal years ending prior to April 1, 1956, by each of the
- 2 following local public agencies in the following amounts:

Housing Authority of the City of Houston (Texas)-----	\$200,324.82
Quincy Housing Authority (Illinois)-----	12,549.75
Housing Authority of the City of Fresno (California)-----	6,974.13
Reading Housing Authority (Pennsylvania)-----	11,106.59
Huntington West Virginia Housing Authority (West Vir- ginia)-----	13,049.38
Housing Authority of the City of Los Angeles (California)-	104,765.05
Housing Authority of the City of Monroe (Louisiana)-----	1,560.76
Housing Authority of the City of Dothan (Alabama)-----	1,238.46
Housing Authority of the City of Sacramento (California)-	13,149.18
Cincinnati Metropolitan Housing Authority (Ohio)-----	59,576.64

### 3 TITLE VI—MILITARY HOUSING

#### 4 ARMED SERVICES HOUSING MORTGAGE INSURANCE

5 SEC. 601. (a) Section 801 (g) of the National Hous-  
6 ing Act, as amended, is amended to read as follows:

7 “(g) The term ‘State’ includes the several States, and  
8 Alaska, Hawaii, Puerto Rico, the District of Columbia,  
9 Guam, the Virgin Islands, the Canal Zone, and Midway  
10 Island.”

11 (b) Section 803 (a) of such Act is amended by strik-  
12 ing out “1956” and inserting in lieu thereof “1959”.

13 (c) Section 803 (a) of such Act is further amended  
14 by striking out the first proviso and inserting in lieu thereof  
15 the following: “*Provided*, That the aggregate amount of  
16 principal obligations of all mortgages insured under this title  
17 (except mortgages insured pursuant to the provisions of  
18 this title in effect prior to the enactment of the Housing  
19 Amendments of 1955) shall not exceed \$2,475,000,000:”.

1 (d) Subparagraph (B) of section 803 (b) (3) of such  
2 Act is amended by striking out “\$13,500” each place it  
3 appears and inserting in lieu thereof “\$16,500”.

4 (e) The last sentence of section 803 (c) of such Act  
5 is amended to read as follows: “The Commissioner may  
6 waive or reduce the payment of premiums provided for  
7 herein.”

8 (f) Subparagraph (C) of section 803 (b) (3) of such  
9 Act, and sections 403 (a) and 403 (b) of the Housing  
10 Amendments of 1955, are amended by striking out “eligible  
11 builder” wherever it appears and inserting in lieu thereof  
12 “eligible bidder”.

13 (g) Section 403 (a) of the Housing Amendments of  
14 1955 is amended by striking out “the builder” wherever it  
15 appears and inserting in lieu thereof “the mortgagor”.

16 (h) Section 403 (a) of the Housing Amendments of  
17 1955 is further amended by striking out “with any builder”.

18 (i) Section 405 of the Housing Amendments of 1955  
19 is amended by striking out “\$9,000,000” and inserting in  
20 lieu thereof “\$21,000,000”.

21 (j) The second sentence of section 406 of the Housing  
22 Amendments of 1955 is amended by inserting after the  
23 colon immediately following the first proviso the following:  
24 “*Provided further*, That such plans, drawings, and specifi-  
25 cations shall follow the principle of modular measure, in



1 order that the housing may be built by conventional con-  
2 struction, on-site fabrication, factory pre-cutting, factory  
3 fabrication, or any combination of these construction  
4 methods:”.

5 (k) Title IV of the Housing Amendments of 1955 is  
6 further amended by adding at the end thereof the follow-  
7 ing new section:

8 “SEC. 410. In the construction of housing under the  
9 authority of this title and title VIII of the National  
10 Housing Act, as amended, the maximum limitations on net  
11 floor area for each unit shall be the same as the net floor  
12 area permanent limitations prescribed in the second, third,  
13 and fourth provisos of section 3 of the Act of June 12,  
14 1948 (62 Stat. 375), or in section 3 of the Act of June 16,  
15 1948 (62 Stat. 459), other than the first, second, and third  
16 provisos thereof.”

17 ACQUISITION OF WHERRY ACT HOUSING

18 SEC. 602. Section 404 of the Housing Amendments of  
19 1955 is amended to read as follows:

20 “SEC. 404. (a) It is the intent of the Congress that the  
21 military departments, with a view toward meeting military  
22 family housing requirements and in the interest of national  
23 defense, shall (1) acquire family housing projects constructed  
24 under the mortgage insurance provisions of title VIII of  
25 the National Housing Act as in effect prior to the

1 enactment of the Housing Amendments of 1955; (2)  
2 maintain and operate such projects; and (3) alter, improve,  
3 rehabilitate, or repair such projects, if necessary, so  
4 that the units therein are made adequate for assignment  
5 to military personnel and their dependents as public quarters.

6 “(b) For the purposes of this title, the Secretary of  
7 Defense or his designee shall acquire by purchase, donation,  
8 or other means of transfer, or shall cause proceedings to  
9 be instituted in any court having jurisdiction of such pro-  
10 ceedings to acquire by condemnation, any land or interest  
11 therein together with housing constructed thereon (in-  
12 cluding all personal property and chattels used in con-  
13 nection with the maintenance and operation of such housing)  
14 under the mortgage insurance provisions of title VIII of the  
15 National Housing Act as in effect prior to the enactment of  
16 the Housing Amendments of 1955; and may, if deemed  
17 necessary, alter, improve, rehabilitate, or repair any housing  
18 so acquired. For the purposes of this title, the Secretary  
19 or his designee may also acquire unimproved lands by pur-  
20 chase, donation, or other means of transfer, or cause pro-  
21 ceedings to be instituted in any court having jurisdiction of  
22 such proceedings to acquire such lands by condemnation.

23 “(c) (1) The determination of the price to be paid for  
24 any land or interest in land, together with the housing and  
25 any property included under the mortgage as security for



1 the outstanding principal obligation, purchased by the Sec-  
2 retary of Defense or his designee under this section, shall  
3 be made by the Commissioner upon the request and subject  
4 to the approval of the Secretary or his designee. Notwith-  
5 standing the provisions of any other law, such price (subject  
6 to paragraphs (2) and (3) ) shall be the Commissioner's  
7 estimate of the replacement cost of such housing and related  
8 property (not including the value of any improvements  
9 installed or constructed with appropriated funds) as of the  
10 date of final endorsement for mortgage insurance, or the  
11 actual cost (as defined in section 227 (c) of the National  
12 Housing Act) of such housing and related property if the  
13 actual cost is less than the Commissioner's estimate of such  
14 replacement cost, adjusted to the current cost level as deter-  
15 mined by the Commissioner and reduced by an appropriate  
16 allowance for physical depreciation: *Provided*, That in any  
17 case where the Secretary or his designee acquires a project  
18 held by the Commissioner, the price paid shall not exceed  
19 the face value of the debentures (plus accrued interest  
20 thereon) which the Commissioner issued in acquiring such  
21 project.

22 “(2) The Secretary or his designee shall also acquire  
23 all personal property and chattels which are used in connec-  
24 tion with the maintenance and operation of such housing but  
25 which are not included under the mortgage as security for

1 the outstanding principal obligation, determining and adding  
2 the fair market value of such property and chattels to the  
3 price established under paragraph (1).

4 “(3) In acquiring any such housing, the Secretary  
5 or his designee shall assume or purchase subject  
6 to the balance due under the insured note or other  
7 evidence of indebtedness secured by the mortgage on such  
8 housing in accordance with the terms of such insured note or  
9 other evidence of indebtedness, and shall pay or agree to  
10 pay (in a lump sum or over a period not exceeding five  
11 years) the difference between the outstanding principal obli-  
12 gation thereof, plus accrued interest, and the purchase price  
13 as established pursuant to paragraphs (1) and (2); except  
14 that in no event shall the amount of the difference so paid or  
15 agreed to be paid exceed \$1,500 per unit. Unless such pay-  
16 ment is made in a lump sum, the unpaid balance thereof  
17 shall bear interest at the rate of 4 per centum per annum.  
18 The Commissioner may waive the adjusted premium charge  
19 in the case of projects purchased by the Secretary or his  
20 designee under this section.

21 “(d) Condemnation proceedings instituted pursuant to  
22 this section shall be conducted in accordance with the pro-  
23 visions of the Act of August 1, 1888 (25 Stat. 357; 40  
24 U. S. C., sec. 257), as amended, or any other applicable  
25 Federal statute. Before any such condemnation proceedings



1 are instituted, an effort shall be made to purchase the prop-  
2 erty involved at the price determined under subsection (c)  
3 of this section. In any condemnation proceedings instituted  
4 pursuant to this section, the court shall not order the party  
5 in possession to surrender possession in advance of final judg-  
6 ment unless a declaration of taking has been filed, and a de-  
7 posit of the amount estimated to be just compensation has  
8 been made, under the first section of the Act of February 26,  
9 1931 (46 Stat. 1421), providing for such declarations.  
10 Unless title is in dispute, the court, upon application, shall  
11 promptly pay to the owner at least 75 per centum of the  
12 amount so deposited, but such payment shall be made with-  
13 out prejudice to any party to the proceeding. In the event  
14 that condemnation proceedings are instituted in accordance  
15 with procedures under such Act of February 26, 1931, the  
16 court shall order that the amount deposited shall be paid  
17 in a lump sum or over a period not exceeding five years in  
18 accordance with stipulations executed by the parties in the  
19 proceedings. In connection with condemnation proceedings  
20 which do not utilize the procedures under such Act, the  
21 Secretary or his designee, after final judgment of the court,  
22 may pay or agree to pay in a lump sum or, in accordance  
23 with stipulations executed by the parties to the proceedings,  
24 over a period not exceeding five years the difference between  
25 the outstanding principal obligation, plus accrued interest,

1 and the price for the property fixed by the court. Unless  
2 such payment is made in a lump sum, the unpaid balance  
3 thereof shall bear interest at the rate of 4 per centum per  
4 annum.

5 “(e) Property acquired under this section may be  
6 occupied, used, and improved for the purposes of this sec-  
7 tion prior to the approval of title by the Attorney General  
8 as required by section 355 of the Revised Statutes, as  
9 amended.

10 “(f) The Secretary or his designee may, in the case of  
11 any housing acquired or to be acquired under this section,  
12 make arrangements with the mortgagee whereby such mort-  
13 gagee will agree to release and waive all requirements of  
14 accruals for reserves for replacement, taxes, and hazard in-  
15 surance provided for under the corporate charter and in-  
16 denture agreement with respect to such housing, upon the  
17 execution of a written agreement by the Secretary or his  
18 designee that the purposes for which such reserves and other  
19 funds were accrued will be carried out.

20 “(g) Any housing acquired under this section may be  
21 (1) assigned as public quarters to military personnel and  
22 their dependents; or (2) leased to military and civilian  
23 personnel for occupancy by them and their dependents, upon  
24 such terms and conditions as will in the judgment of the  
25 Secretary of Defense or his designee be in the best interest



1 of the United States, without loss to military personnel  
2 of their basic allowance for quarters or appropriate allot-  
3 ments. Amounts equal to the quarters allowances or appro-  
4 priate allotments of military personnel to whom such housing  
5 is assigned as public quarters under clause (1), and the  
6 rental charges realized under clause (2), shall be deposited  
7 in the revolving fund created by subsection (h).

8 “(h) There is hereby created a fund which shall be  
9 used by the Secretary of Defense or his designee as a re-  
10 volving fund for the purpose of paying the purchase price  
11 of housing and related property acquired under this section,  
12 paying interest, principal, mortgage insurance premiums,  
13 and other obligations (except those for maintenance and  
14 operation) with respect to such housing, and paying ex-  
15 penses incurred in the alteration, improvement, rehabilita-  
16 tion, and repair of such housing. The amounts and charges  
17 referred to in the last sentence of subsection (g) of this  
18 section, and any savings realized in the operation of section  
19 405, shall be deposited in such fund. For purposes of the  
20 preceding sentence, the term ‘savings realized in the oper-  
21 ation of section 405’ means the difference between the  
22 amount made available for payments under section 405  
23 and the amount actually used in making such payments.  
24 To establish such revolving fund there is authorized to be  
25 appropriated a sum not to exceed \$50,000,000.”

## TAXES ON CERTAIN LEASEHOLDS

SEC. 603. Section 408 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new sentence: "Nothing contained in title VIII of the National Housing Act (as in effect prior to the enactment of the Housing Amendments of 1955) or in any other law shall be construed to exempt from State or local taxes or assessments any right, title, or other interest of a lessee from the Federal Government in or with respect to any real or personal property covered by a mortgage insured under title VIII of the National Housing Act (as in effect prior to the enactment of the Housing Amendments of 1955): *Provided*, That, notwithstanding this sentence or any other provision or rule of law, if the fee simple or other title to, or remainder interest in, such property is held by the United States, no such taxes or assessments (not heretofore paid or encumbering such property or interest) on the interest of such lessee shall exceed the amount of taxes or assessments on other similar property of similar value minus such amount as the Commissioner determines to be equal to (1) any payments in lieu of taxes made by the Federal Government to the local taxing or other public agencies involved with respect to such property, plus (2) any expenditures made by the Federal Government for streets, utilities, and other services for or with respect to such property."



## TITLE VII—MISCELLANEOUS

## FARM HOUSING

SEC. 701. (a) The first sentence of section 511 of the Housing Act of 1949, as amended, is amended to read as follows: "The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making loans under this title (other than loans under section 504 (b) ). The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending June 30, 1961, shall not exceed \$450,000,000."

(b) Section 512 of such Act is amended to read as follows:

## "CONTRIBUTIONS

"SEC. 512. In connection with loans made pursuant to section 503, the Secretary is authorized to make commitments for contributions aggregating not to exceed \$10,000,000 during the period beginning July 1, 1956, and ending June 30, 1961."

(c) Clause (b) of section 513 of such Act is amended to read as follows: "(b) not to exceed \$50,000,000 for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) during the period beginning July 1, 1956, and ending June 30, 1961; and".

(d) This section shall take effect on July 1, 1956.

## COLLEGE HOUSING

SEC. 702. Section 401 (d) of the Housing Act of 1950 is amended by striking out "\$500,000,000" and inserting in lieu thereof "\$750,000,000".

## PUBLIC FACILITY LOANS

SEC. 703. Title II of the Housing Amendments of 1955 is amended by adding at the end thereof the following new section:

"SEC. 206. As used in this title, the term 'States' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States."

## HOME OWNERS' LOAN ACT OF 1933

SEC. 704. Section 5 (c) of the Home Owners' Loan Act of 1933 is amended by striking out "\$2,500" in the proviso at the end of the second paragraph and inserting in lieu thereof "\$3,500".

## FEDERAL HOME LOAN BANK ACT

SEC. 705. Section 17 of the Federal Home Loan Bank Act is amended by adding at the end thereof the following new subsection:

"(c) The Board shall make a study of methods by which improvements may be made in the service of savings and loan associations so as to encourage thrift and home ownership, giving particular attention to the improvement



1 of credit facilities for savings and loan associations, the sepa-  
2 ration of credit functions and supervisory functions within  
3 the Federal Home Loan Bank System, and the amendment  
4 of existing law relating to liquidity requirements of savings  
5 and loan associations. The Board shall report its findings,  
6 together with any recommendations, to the Committees on  
7 Banking and Currency of the Senate and the House of  
8 Representatives not later than January 31, 1957. The  
9 Board shall have and exercise all of the functions vested in  
10 it on August 12, 1955, without regard to any provision of  
11 Reorganization Plan Numbered 2 of 1956, and (notwith-  
12 standing the provisions of the Reorganization Act of 1949  
13 or of any other law) such plan shall have no force or  
14 effect.”





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# A BILL

To extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes.

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By Mr. SPENCE

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JUNE 13, 1956

Referred to the Committee on Banking and Currency







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued June 15, 1956  
For actions of June 14, 1956  
84th-2nd, No. 99

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**HIGHLIGHTS:** House committee ordered reported revised housing bill. Both Houses agreed to conference report on Commerce appropriation bill. Ready for President. Senate committee reported bill to extend Defense Production Act. Sen. Capehart urged new research program to develop additional industrial uses of agricultural products. Senate passed bill to extend Export Control Act.

## HOUSE

- 1. APPROPRIATIONS.** Both Houses agreed to the conference report on H. R. 10899, the Commerce Department and related agencies appropriation bill for 1957. pp.9334, 9373 This bill is now ready for the President.
- 2. FARM LOANS.** The Banking and Currency Committee ordered reported H. R. 11742, to extend and amend laws relating to the provision and improvement of housing and conservation and development of urban communities, and certain farm housing programs. p. D629  
The "Daily Digest" states that the Rules Committee granted a rule for the consideration of H. R. 11544, to amend the Bankhead-Jones Farm Tenant Act, to improve and simplify credit facilities available to farmers. p. D630
- 3. ALASKA; FORESTS.** Conferees were appointed on H. R. 6376, to provide for the hospitalization and care of the mentally ill of Alaska, including a grant of not to exceed 1 million acres of public lands to assist in carrying out the program (includes lands eliminated from national forests). p. 9374 Senate conferees have not yet been appointed.



June 14, 1956

-2-

4. **CONTRACTS.** Rep. Crumpacker requested and received permission for the Judiciary Committee to file, by Fri. midnight, a report on S. 1644, to prescribe policy and to improve existing procedure and practices in connection with the letting of lump-sum Federal construction contracts and to place the awarding of such contracts on a more efficient basis. p. 9374
  5. **AREA ASSISTANCE.** Rep. Flood spoke in favor of his bill H. R. 11715, to alleviate certain conditions in areas of excessive unemployment. p. 9384
  6. **LEGISLATIVE PROGRAM.** Rep. McCormack announced the following schedule for the week of June 18: Mon., Consent Calendar, then bills relating to definition of dry milk solids and the development of improved marketing facilities; Tues., Private Calendar; and balance of the week, new farm loan bill, housing bill, and supergrades bill. p. 9374
  7. **ADJOURNED** until Mon., June 18. pp. 9374, 9384
- SENATE
8. **RESEARCH.** Sen. Capehart urged passage of his bill (S. 3503) providing for a research program for the development of increased and additional industrial uses of agricultural products, and inserted several statements and newspaper articles in support of the bill. p. 9315
  9. **DEFENSE PRODUCTION.** The Banking and Currency Committee reported with amendments H. R. 9852, to extend the Defense Production Act of 1950 (S. Report. 2237). p. 9261
  10. **FOREIGN TRADE.** Passed with amendments H. R. 9052, to extend the Export Control Act of 1949 for 2 years. p. 9361
  11. **SAFETY.** Sen. Humphrey inserted a magazine editorial in support of S. 3517, to provide for the reorganization of the Government safety functions p. 9260
  12. **APPROPRIATIONS.** The Appropriations Committee reported with amendments H.R. 11473, the legislative branch appropriation bill for 1957 (S. Rept. 2236). p. 9260
  13. **LAWS.** The Judiciary Committee reported with an amendment S. 3143, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws (S. Rept. 2230). p. 9260
  14. **FOOD SUPPLY.** Sen. Payne inserted and commented on a survey of the National Academy of Sciences concerning the effects of radioactivity on heredity, environment, and food supply. p. 9267
  15. **WATER POLLUTION.** Conferees were appointed on S. 890, to extend and strengthen the Water Pollution Control Act. House conferees were appointed June 13. p. 9281
  16. **PRICE SUPPORTS.** Agreed to S. Res. 283, authorizing the Library of Congress and the staff of the Agriculture and Forestry Committee to prepare a compilation of material related to the price support program for use of high school debaters. Sen. Knowland gave notice of a motion to reconsider the vote by which the resolution was agreed to. Sen. Aiken criticized certain material to be included in the compilation. pp. 9264, 9338







June 15, 1956

# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
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Issued June 19, 1956  
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84th-2nd, No. 100

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HIGHLIGHTS: House agreed to conference report on bill adjusting certain taxes on livestock. Ready for President. House Rules Committee cleared farm loan bill. House passed bill further defining dry milk solids. House passed bill extending Federal Seed Act to Guam. House committee reported bill to increase Public Law 480 authorization. **House committee reported on June 15, revised housing bill.** Senate committee ordered reported mutual security bill. Senate passed bill for purchase of (continued on page 6)

## HOUSE

- 1. SURPLUS COMMODITIES.** The Agriculture Committee reported without amendment H. R. 11708, to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, so as to increase from \$1,500,000,000 to \$3,000,000,000 the amount for purposes of title I of the Act, to authorize assistance to American-sponsored schools abroad, and to amend the provision against agreements with communist-dominated countries (H. Rept. 2380). p. 9493
- 2. HOUSING; FARM LOANS.** On June 15, during recess, the Banking and Currency Committee reported without amendment H. R. 11742, the housing bill (H. Rept. 2363). The bill includes provisions to continue for 5 years the farm housing authorization under title V of the Housing Act of 1949 and to direct PHA to transfer farm-labor camps without monetary consideration to any public housing authority whose area of operation includes such project. The committee report criticizes this Department for not effectuating the farm-housing authorization in the Housing Act. p. 9492
- 3. FARM LOANS.** The Rules Committee reported a resolution for the consideration of H. R. 11544, to improve and simplify the credit facilities available to farmers and to amend the Bankhead-Jones Farm Tenant Act. pp. 9457, 9492



4. APPROPRIATIONS. Conferees were appointed on H. R. 11319, the public works appropriation bill for 1957. The bill includes funds for Tennessee Valley Authority, Southeastern Power Administration, Southwestern Power Administration, Bonneville Power Administration, Bureau of Reclamation, and Army flood control. p. 9453 Senate conferees were appointed on June 13.
  5. TAXATION. Agreed to the conference report on H. R. 6143, to treat, for tax purposes, as an involuntary conversion the sale of livestock because of drought. p. 9453 This bill is now ready for the President.
  6. MILK. Passed under suspension of the rules, S. 1614, to define non-fat dry milk under the Federal Food, Drug, and Cosmetic Act; and H. R. 5257, a similar bill, was laid on the table. pp. 9472, 9457
  7. FISHERIES. The Fisheries and Wildlife Conservation Subcommittee of the Merchant Marine and Fisheries Committee ordered reported, on June 15, to the full committee H. R. 11570, to establish a sound and comprehensive national policy with respect to fisheries and wildlife and to create within the Interior Department, the office of Undersecretary of Fish and Wildlife. p. D640
  8. GUAM. Passed without amendment H. R. 11522, to provide for the extension of certain provisions of Federal laws, including the Federal Seed Act, the Vocational Rehabilitation Act, and wildlife restoration authorities, to Guam. p. 9459
  9. RECORDS. At the request of Rep. Ford, passed over without prejudice S. 2364, to clarify GSA authority over records management. p. 9457
  10. MINING. Passed as reported H. R. 6501, to permit the disposal of certain reserve mineral deposits under the U. S. mining laws. p. 9457
  11. FORESTRY. Passed without amendment H. R. 9974, to authorize the cutting of timber, the manufacture and sale of lumber, and the preservation of the forests on the Menominee Indian Reservation in Wis. p. 9466
  12. CONTRACTS; BUILDINGS. The Judiciary Committee, on June 15, reported with amendment S. 1644, to prescribe policy, improve existing procedure and practices in connection with the letting of lump-sum, Federal construction contracts, and place the awarding of such contracts on a more efficient basis (H. Rept. 2362). p. 9492
  13. DAYLIGHT-SAVING TIME. The Judiciary Subcommittee of the D. C. Committee ordered reported to the full committee S. 3295, authorizing the extension of daylight-saving time in D. C. to the last Sunday in October. p. D639
- SENATE
14. FOREIGN AID. The Foreign Relations Committee ordered reported with amendments H. R. 11356, the mutual security program for 1957. p. D635  
Sen. Jackson and others questioned some of the provisions of the mutual security program. p. 9437
  15. FORESTRY. Passed as reported S. 3132, to provide for the purchase of lands within the Cache National Forest, Utah. Agreed to a committee amendment providing that funds appropriated shall be matched by donations of lands or funds by local agencies, organizations, or persons. p. 9417

# HOUSING ACT OF 1956

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## REPORT

OF THE

COMMITTEE ON BANKING AND CURRENCY

HOUSE OF REPRESENTATIVES

EIGHTY-FOURTH CONGRESS

SECOND SESSION

ON

H. R. 11742



JUNE 15, 1956,—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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UNITED STATES  
GOVERNMENT PRINTING OFFICE



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## HOUSING ACT OF 1956

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JUNE 15, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. SPENCE, from the Committee on Banking and Currency, submitted the following

### REPORT

[To accompany H. R. 11742]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

### INTRODUCTION

H. R. 11742, referred to as the Housing Act of 1956, is an omnibus housing bill designed to expand and improve Government-assisted housing programs to enable our people to acquire better housing and to assist our communities in their efforts to clear slums, arrest the spread of blight, and in general to promote more wholesome neighborhoods for better family living.

The provisions of H. R. 11742 represent the end product of an exhaustive and painstaking study and investigation into many phases of the housing and home finance industry in which the Federal Government has interest. The Committee on Banking and Currency held general housing hearings which extended from May 7 through 25, 1956. Executive sessions extended from June 4 through 12, 1956. Testimony was heard from a large number of witnesses competent to discuss the many aspects of the complex nature of the Government's role in the housing and home finance field. The Housing and Home Finance Administrator and the heads of the several constituent agencies of the Housing and Home Finance Agency gave a thorough presentation of their views. Officials of the Defense Department, Farmers' Home Administration and Veterans'



Administration testified on matters pertinent to their agency operation in the field of housing. Helpful testimony was also offered by Members of Congress who appeared before your committee. Witnesses representing industry, labor organizations, civic groups, and local government appeared and were afforded opportunity to give the committee the benefit of their knowledge and judgment. The printed hearings, including appropriate exhibits, cover 666 pages.

The work of your committee in developing the final bill was helped immeasurably by the recommendations we received from the special Subcommittee on Housing. Recognizing the vital role played by Government-assisted housing programs in the home-construction and home-financing industries, the House of Representatives in House Resolution 203, agreed to on June 1, 1955, authorized the Committee on Banking and Currency to conduct full and complete studies and investigations in practically all phases of Government-assisted housing programs. Pursuant to this resolution, the chairman of the Committee on Banking and Currency appointed a Subcommittee on Housing, consisting of Mr. Rains, chairman, and Messrs. Addonizio, Barrett, O'Hara, Ashley, Gamble, Talle, McDonough, and Widnall, to conduct the studies and investigations.

Over the past 12 months the subcommittee has made perhaps one of the most intensive studies and investigation of Government-assisted programs ever conducted. In order to study the workings of Government housing programs at the "grassroots" level, the subcommittee held hearings in New York, Philadelphia, Chicago, Los Angeles, Cleveland, and Birmingham. In addition, military housing problems were studied at first hand by a number of visits to military installations. Several hearings on special problems were held in Washington. During its extensive hearings the Subcommittee on Housing heard testimony from nearly 200 witnesses and the printed record of the hearings covers more than 1,700 pages.

As the fruit of this labor, the subcommittee made a series of reports to your committee, covering five general subject areas: (1) Slum clearance and urban renewal, (2) mortgage credit and FHA rental and cooperative housing problems, (3) military housing, (4) Federal National Mortgage Association, and (5) home improvement financing.

These five reports gave the most thorough study to all aspects of the subject in question and were replete with concrete recommendations, not only in the field of administrative policy, but also in the legislative field as guidance to your committee.

Your committee is pleased to report that the intensive studies and reports of the Subcommittee on Housing received general commendation for their thoroughness, objectivity, and general excellence. H. R. 11742 reflects in large measure your committee's adoption of the recommendations of the Subcommittee on Housing.

Hearings of the Banking and Currency Committee were concerned primarily with H. R. 10157 and H. R. 9537, both general housing bills. However, at the conclusion of the executive sessions, a clean bill H. R. 11742 was introduced by the chairman. H. R. 11742 contains the following main provisions:

## TITLE I—FHA INSURANCE PROGRAMS

## PROPERTY IMPROVEMENT LOANS

FHA's title I loan insurance program has long been a basic part of our economy and has been particularly effective in providing the financing means for smaller home repair and improvement jobs. This is borne out by the fact that the typical title I loan in 1955 was about \$450. In very recent years the volume of title I loans has declined sharply from the peak of 2,200,000 loans insured during 1953. The current rate is about 1 million loans a year. No one factor can be singled out as the cause for this sharp decline, but two important influences have been (1) the effect of the change of the 1954 act, which denied eligibility for title I financing for newly constructed homes until they have been occupied for 6 months, and (2) a discernible trend in recent years on the part of some lenders to make home improvement loans on an "own plan" basis, that is, without Government insurance.

*Increase in maximum loan amount*

Section 101 of the bill would increase the maximum permissible loan under title I for single family home improvement loans to \$3,500 (under present law the ceiling is \$2,500) and would increase from \$10,000 to \$15,000, the maximum loan permitted for the improvement of structures housing two or more families. In the case of two-or-more family structures the maximum loan would be restricted further by limiting the loan to an average amount of \$2,500 per family unit. Your committee believes that sizable home renovation jobs are difficult to finance at today's cost levels. The proposed higher loan ceilings would recognize the increased construction costs which have taken place since the present limits for improvement loans were established (in 1939 for single-family houses and 1950 for multifamily structures).

*Increase in loan term*

Section 101 would also increase the maximum term of title I single family home improvement loans from 3 to 5 years. One of the disadvantages of title I financing from the consumer's viewpoint is the very high monthly carrying charge which results in part from the high interest costs, but even more so from the fact that under present law the maximum term is 36 months. For example, under the present law and regulations, a \$2,500 home improvement loan for a 3-year term involves a monthly carrying charge of \$79.85. A monthly payment of such magnitude is clearly too heavy a burden for most American families to assume, particularly since in the usual case the burden would be pyramided upon the sizable mortgage payments and other consumer debt installments which the average American family must make provision for in its budget. Even a moderate lengthening of the term, say to 5 years, would reduce the monthly payment substantially. Thus, the same \$2,500 loan on a 5-year term would require a monthly payment of \$51.96, or nearly \$28 a month less. (A \$5 discount is assumed in both cases.)

The committee believes that the benefit of such lower payments should be made available to American homeowners who wish to improve their homes.



*Permissible interest charges*

In considering the subject of interest rates your committee was most desirous of protecting the interest of the homeowner as much as possible by keeping to a minimum financing charges which he must pay in connection with FHA title I financing. At the same time, your committee recognized that the interest rate permitted for title I loans must be sufficiently remunerative to attract the participation of the private lending institutions which make FHA title I financing possible.

Under present law there is no specific direction to the FHA Commissioner as to the amount of interest or discount which he should prescribe for FHA title I loans. The law says in general terms that the interest charges shall be at the FHA Commissioner's discretion.

By regulation the permissible financing charge for single family home loans (class 1 (a) loans), which under the law cannot exceed \$2,500, may not be greater than a discount of \$5 per \$100 per year. For class 1 (b) loans (multifamily structure loans) which under the law may not exceed \$10,000, the maximum permissible financing charge is a \$4 discount, except where the class 1 (b) loan is \$2,500 or less, in which case the lender may charge a \$5 discount. For class 2 (b) loans for service structures on farms, a section which apparently is rarely used, the maximum financing charge is only \$3.50 discount per \$100 if the loan is secured by a mortgage and carries a repayment period in excess of 7 years.

A discount note is one in which the interest charge for the entire term of the loan is included in the face amount. Thus the borrower who signs a note for \$100 and who receives \$95, repayable in 12 equal monthly installments, is said to be paying at a \$5 discount rate. If the note were repayable at the end of the year, the rate of return would be approximately  $5\frac{1}{4}$  percent per annum in terms of simple interest. Since however, the loan is being retired in a series of monthly payments, the borrower does not have the use of the full proceeds for the entire year. To determine the rate of interest which the borrower is paying, the average outstanding principal amount over the life of the loan must be considered. In the case of a 1-year loan repayable in equal monthly installments, the average outstanding principal amount is roughly one-half of the net proceeds of the loan. Therefore, the simple interest rate equivalent to a discount is about double the discount rate. Thus the \$5 maximum discount permitted by FHA is equivalent to a 9.58 simple interest charge. Similarly, a \$4 discount is equivalent to a simple interest rate of about 7.6 percent. Also, the interest return decreases as the term lengthens. On a 3-year basis the return on a \$5 discount loan is reduced to 9.3 percent.

It is often argued that these charges are too high for a loan carrying Government insurance. For example, they may seem excessive compared with the  $4\frac{1}{2}$ -percent maximum interest rate permitted for VA-guaranteed and FHA-insured first mortgage loans.

Your committee does not believe that such a conclusion and such a comparison is valid. One difference of course is the difference in loan size. In 1955, for example, the average mortgage guaranteed by the Veterans' Administration was \$11,100. This is in marked contrast to the FHA title I home improvement loan which in 1955 showed an average size of \$630 and a median of \$450. Clearly, a higher return is

justifiable on loans of a smaller size. Among other things, the per dollar origination and servicing cost for a small loan are far higher than they are for a large loan.

Also, it must be realized that the FHA insurance premium, which is paid to the FHA to build up a reserve against losses and to cover operating expenses, must be deducted from the return since it is paid to the FHA by the lender. After deducting the FHA premium, the interest return on a 3-year note is reduced to 8 percent. A further factor to be kept in mind is that the yield to the lender declines as the term of the note is increased. Thus, if the permissible term for FHA title I loans is increased as previously recommended to 5 years or 60 months, the gross yield to the lender would be 9.05 percent before deducting the FHA insurance premium, and would be approximately 7.7 after deducting the FHA insurance premium.

There are of course additional costs to the lender which must be taken into account before any conclusions are drawn as to net yield. There are initial acquisition costs which, according to the testimony, average about \$16 for the typical loan. In addition there are monthly servicing costs which run about \$0.35 per month per note. Taking all of these factors into account, the net return to the lender on the typical loan, i. e., \$450 for a term of 36 months is only fractionally above 4-percent simple interest.

It should also be borne in mind that the FHA title I loan is not completely riskless from the lender's standpoint. Because of the 10-percent coinsurance feature, the FHA will pay only 90 percent of any loss incurred through default and the lender must bear the remaining 10 percent. While this is a relatively small exposure percentage-wise, it is nonetheless a possible cost factor for which the prudent lender must provide a reserve cushion, and which further dilutes his net yield factor.

In the preceding discussion, the term "typical" title I loan referred to the median or "middle most" loan. Actually, because some FHA title I loans are considerably higher in original amount, the average FHA title I loan amounted to approximately \$630 in 1955. On the same earnings basis applied above, a loan of this size would provide the lender with an effective simple interest return of about 5.17 percent. In other words, the larger the loan size the more profitable a title I loan becomes. Using the same cost factors cited in the above example, the effective interest rates on loans ranging from \$1,000 to \$3,500 (in \$500 multiples) would be as follows:

*Net proceeds and net return*

	<i>Percent</i>		<i>Percent</i>
\$1,000-----	6. 19	\$2,500-----	7. 26
\$1,500-----	6. 78	\$3,000-----	7. 38
\$2,000-----	7. 08	\$3,500-----	7. 47

Thus the conclusion seems warranted that while a \$5 discount may very well be justified for loans of smaller size, the justification for the same rate as the loan size progressively increases becomes less and less valid.

After careful deliberation and taking all factors into account, your committee concluded that a graduated scale of interest rates is the best solution. Accordingly, H. R. 11742 contains a provision which would retain the present \$5 discount for loans below \$1,500 in amount.



However, for loans above \$1,500, the bill would permit a \$5 discount on that portion of the loan below \$1,500, but would permit only a \$4 discount on that portion of the loan above \$1,500.

The effect upon net return, using the same set of cost factors as in the above examples, would be as follows:

*Net proceeds and net return*

	<i>Percent</i>		<i>Percent</i>
\$1,000-----	6. 19	\$2,500-----	6. 53
\$1,500-----	6. 78	\$3,000-----	6. 46
\$2,000-----	6. 62	\$3,500-----	6. 41

Your committee believes that this sliding scale arrangement will accomplish the twofold objective of protecting the homeowner from excessive charges and at the same time offering lenders a high enough return to attract their participation in the title I program.

*Duration of program*

Section 101 (a) would extend the title I home improvement loan program for 2 years beyond the present expiration date of September 30, 1956. Your committee considered the argument that the FHA title I program should be made a permanent feature of the National Housing Act. Your committee agrees that participating lenders should be able to count upon a reasonable duration of the program and should not be plagued by the operating difficulties imposed by frequently recurring expiration dates. But since the bill proposes substantial changes in the term, principal amount, and the interest charges permissible under the title I program, your committee is opposed to making the title I program permanent and believes that a 2-year extension is sufficient.

*Six month's occupancy requirement*

One of the amendments in the Housing Act of 1954 prohibited the FHA Commissioner from insuring title I loans for new dwelling units until they have been completed and occupied for at least 6 months. The main impetus which gave rise to this amendment was the concern over the possibility that the title I loan program could be abused by high-pressure salesmen to the point where the new homeowner might overburden himself financially. Experience had shown that in some cases the homeowner would be pressured into borrowing via the title I mechanism to finance additional improvements to his new house, and would suddenly find himself saddled by a total of mortgage and consumer debt too large for his budget. In other words, the Congress did not wish to permit the FHA title I program to be used to force some new homeowners into early default and foreclosure. Another purpose of the 6 months' occupancy requirement was to curb the use of title I loans to assist in meeting the downpayment required for a new home.

Your committee heard considerable testimony urging that the 6 months' requirement should be waived. Advocates of this step argued that the effect of the restriction has been to deny the benefits of the title I program to the new purchaser at precisely the time when he may need it most. They point out that the new homeowner now must wait 6 months before he can improve his home with fences, storm windows, garages, and so forth, unless he can pay for these things in cash. It was pointed out also that quite often he is forced to use

other plans of financing which carry considerably higher interest rates and which afford little protection from dealer abuses. It was further pointed out that many of the previous existing abuses have been brought under control by a closer supervision by FHA of lending programs and dealer operations, and by the fact that the coinsurance feature requires the lender to share any loss.

It was further argued that the 6 months' occupancy requirement has been perhaps the major factor in the decline of FHA title I loans of about 50 percent over the past several years, and that the requirement has, therefore, forced homeowners to pay higher rates to finance home improvements under non-FHA-lending programs.

To meet the problem, H. R. 11742, while it would not provide for an outright repeal of the 6 months' occupancy requirement, would give discretionary authority to the FHA Commissioner to waive the 6 months' occupancy requirement if in his opinion such action should be taken. Should the FHA Commissioner decide to waive the requirement, your committee believes that he could and should issue regulations and instructions to guard against possible abuse.

Your committee would like to point out that the bill would broaden the discretionary authority to waive the 6 months' occupancy requirement to include all housing. Presently such waiver authority exists only for housing in major disaster areas, an authority granted early this session by Public Law 405, enacted February 10, 1956. While the amended language deletes specific reference to disaster housing, your committee wishes to emphasize that the language will clearly continue the FHA Commissioner's authority to waive the 6 months' occupancy requirement for disaster housing specifically, as well as for housing generally.

#### AMENDMENTS TO SECTION 102

##### *Loan-to-value ratio*

Section 102 of the bill would remove the present statutory disadvantage of mortgage terms for existing homes by making the ratios of loan to value the same for both existing and new construction. The Housing Act of 1954 substantially reduced the difference in terms as between new and existing housing and your committee believes there is no reason for continuing any difference in the law. Under present law the only difference in terms is that existing homes are limited to 90 percent of the first \$9,000 of valuation—for proposed construction the permitted ratio is 95 percent.

The existing homes inventory is the principal source of housing for families in all income groups and it has been estimated that there are three transactions involving existing homes for every one involving new construction.

Elimination of the present disadvantage to mortgages on existing homes would provide an incentive to rehabilitate older homes so that they might more readily be sold to families wishing larger homes for their growing families.

The House of Representatives in 1954 approved legislation to remove altogether this distinction between new and existing housing although the conference committee voted to maintain the present slight differential in favor of new housing. Your committee wishes to emphasize that appraisals will continue to reflect the differences in values as between new and existing houses.



Your committee recognizes that the proposed more liberal terms for existing houses should not be used as a device to circumvent FHA's approval of a home prior to the beginning of construction and the agency's inspection procedures for new construction. To guard against this, the bill would deny the more liberal terms where the residence has not been inspected unless the house is at least a year old. This would make the law with respect to FHA comparable to the GI home-loan program which makes a mortgage eligible for guaranty only where the home was inspected during construction unless the dwelling is at least a year old.

*Increase in FHA's commitment to nonowner-occupants*

Section 102 would also increase by 5 percentage points the maximum loan which FHA can insure if the loan is closed in the name of someone other than an owner-occupant. FHA's so-called dual commitments are issued in advance to a builder to insure a loan for an acceptable buyer at the prescribed percentage of value or, should it become necessary to close the loan in the name of the builder, to insure up to 85 percent of the amount of the insured loan available to a buyer.

This firm commitment is extremely important because it assures banks of the repayment of interim construction loans since it makes possible a permanent FHA-insured loan even if no suitable buyer is available. The banks will usually lend for interim or construction financing up to a percentage (usually 60 to 70 percent) of the firm commitment to the builder.

Your committee believes that the proposed change is especially desirable in view of the marketing uncertainties inherent in the present housing situation. By offering builders a modest increase in the amount of construction money they can borrow on a given house, the bill will encourage builders to continue volume production for that sector of the housing market supported by FHA-insured and VA-guaranteed loans.

Your committee wishes to emphasize that even with the liberalization which the bill would authorize, the amount of equity investment on the part of the builder will still be substantial. For example, under statute in the case of proposed construction of a house valued by the FHA at \$12,000, the maximum insured mortgage to an owner-occupant would be \$10,800, requiring a minimum downpayment of \$1,200. Under present law the nonowner-occupant mortgagor is limited to 85 percent of \$10,800, or \$9,180, requiring a minimum cash equity on the builder's part of \$2,820. Under the proposed amendment the builder's commitment would be increased to \$9,720, thereby reducing the required cash equity to a minimum of \$2,280. However, this amount would still be \$1,080 in excess of that required by an owner-occupant. Your committee wishes to point out further that since construction lenders normally limit the construction loan to a certain percentage of the firm commitment to the builder (usually 60 to 70 percent), the amount of equity required by the builder will still be very sizable.

Your committee wishes to emphasize also that the FHA is always in a position to control the number of firm commitments which it will issue and it has a standing practice of refusing further commitments to builders who close more than a few insured loans in their own names.

Your committee believes that the amendment will also give additional impetus to FHA's "trade-in home program." Under recent liberalizing changes made by FHA, commitments may be issued to real-estate companies in addition to builders in connection with the trade-in program. The amendment should encourage such activities by reducing the cash equity required from a nonoccupant mortgagor who may have to take title to a home in order to enable the seller to purchase a new home or a larger existing home.

*Mortgage insurance for disaster victims*

The bill would amend section 203 (h) of the National Housing Act which authorizes FHA-insured loans up to 100 percent of appraised value for individuals, either homeowners or tenants, whose home is damaged or destroyed by disaster. The usefulness of this section as a device to furnish relief to disaster victims has been greatly restricted because under present law the maximum loan which can be insured is \$7,000. The artificially low level of the present \$7,000 ceiling is shown by the fact that the average commitment by FHA to insure housing mortgages under other section 203 mortgage insurance provisions is at present approximately \$10,000. To make section 203 (h) a more effective device in providing housing relief for disaster victims, the bill would increase the maximum permissible loan amount from \$7,000 to \$12,000. The \$12,000 ceiling should be adequate to cover the costs of building moderate-priced housing in almost every locality.

RENTAL HOUSING UNDER SECTION 207

(a) *Loan-to-value ratio.*—Section 103 of the bill would increase the permissible loan-to-value ratio for section 207 multifamily rental housing from the present 80 percent of value to 90 percent of value. Section 207 is the basic rental housing insurance section which has been an integral part of the FHA program since 1934.

Prior to the passage of the Housing Act of 1954 there was considerable activity in rental housing under section 207. Thus in fiscal year 1954 FHA received applications under section 207 for approximately 45,000 dwelling units. Since the passage of the 1954 act, however, as your committee has found in the case of virtually all FHA's multifamily housing programs, applications have declined to a relative trickle. In fiscal year 1955, applications were received covering less than 4,000 dwelling units and the reduced rate of activity continued into the 1956 fiscal year with only about 2,400 dwelling units involved in applications received during the 10-month period July 1955 through April 1956.

The maintenance of a high annual volume of housing construction within our large cities is of vital importance. This means, in general, the construction of apartments providing rental housing. In New York City over the past decade, nearly 80 percent of all units started have been multifamily rental units. Your committee believes that section 207 must be revitalized.

It was pointed out to your committee that quite often a sponsor through conventional financing obtains a loan for at least two-thirds of project cost, with his required equity investment often less than 30 percent. Moreover, in a conventional project the sponsor is freed of all concern over Government redtape and does not subject himself to Government control of his rent schedules or his rate of return.



If the Government is to encourage more rental housing under section 207 in the middle rent range, it would appear desirable to offset the burden of the controls which a section 207 sponsor must endure and give added incentive to such investment by reducing the amount of long-term equity investment required.

Your committee would like to emphasize that a sponsor of a section 207 project will still need to supply substantial equity even with a higher loan-to-value ratio. The value standard of section 207 will still be maintained, and as a consequence, the sponsor in the typical case will undoubtedly have to invest more than 10 percent equity since FHA's valuation will be somewhat below actual replacement cost.

(b) *Increased mortgage amounts.*—The bill would increase loan ceilings to \$2,250 per room (present ceiling is \$2,000) and up to \$2,700 per room for elevator-type structures (present ceiling is \$2,400). It would also authorize the Commissioner in high-cost geographic areas to increase the per room maximum by an additional \$1,000.

This change would recognize the high construction costs of multi-family dwellings in many cities and would put section 207 on a par with the more liberal ceilings permitted for section 220 projects under the law.

Your committee is convinced that this liberalization is essential to get much needed rental housing built in some of our cities and believes that the increased loan ceilings will not lead to appreciably higher rent levels. (See p. 11 for an example of the effect of such an increase upon monthly carrying charges.)

#### SECTION 213 COOPERATIVE HOUSING INSURANCE

(a) *Sponsors' commitment.*—Section 104 of the bill would authorize a new financing device under section 213 to permit a sponsor of a cooperative to obtain a commitment of a loan up to 85 percent of replacement cost and proceed with construction before the prospective cooperative has been formed. The sponsor would certify intent to sell to a cooperative upon completion. Until he sells the project, he would be regulated by FHA as to rents, capital structure, and rate of return. To prevent possible misuse of this new financing device, the bill would deny further use of the special commitment insurance feature in the event the sponsor fails to sell to a cooperative. In all cases the sponsor would be subject to the cost certification requirement of section 227.

Your committee was impressed by the fact that even in cities with the highest cost levels it is possible to produce excellent housing under section 213 at monthly costs to occupant members of about \$25 per room per month. Unfortunately, however, there has been little activity recently under the section 213 program. One of the principal reasons for this inactivity has been the difficulties resulting from FHA's requirement that the membership of a cooperative must be sold 100 percent before construction can be started. Many members become impatient and withdraw their subscriptions, a problem which in many cases in the past has resulted in as high as a 50 percent turnover in membership and, before the project can be started, these memberships have to be resold.

The new commitment feature which the bill would provide would overcome these marketing difficulties and in the opinion of your com-

mittee stimulate the construction of more section 213 cooperative projects.

Your committee noted arguments that the builders' commitment device would be more appropriately placed under section 207 so as to apply the section 207 tests of both value and economic soundness. In our opinion to place the commitment device under section 207 would in practical effect nullify the benefits of the proposed amendment. Your committee recalls that in 1954 the basis for section 213 insurance was changed from cost to value. At that time FHA gave general assurances that there should be little difference between value and replacement costs. In actual practice, the difference has been great—so great as to require down payments considerably higher than the 5 percent to 10 percent contemplated by the statutory provisions. It was because of these facts and the resulting adverse effects on the section 213 program and section 220 program that the Congress last year restored section 213 to a replacement cost basis. For the same reason your committee is convinced that to be effective the new sponsor's commitment device must be placed under section 213 which would thus permit a more liberal mortgage commitment than the sponsor could obtain under the more restrictive valuation basis of section 207.

Furthermore, one of the principal reasons which led the Congress to establish the section 213 program was the recognition of the fact that the type of apartment units required to meet adequately the needs of cooperatives—particularly number of rooms and their size—could not generally be produced under section 207. Thus, if a project were to be started under section 207 and later sold to a cooperative under section 213, as suggested by FHA, the type of housing produced under section 207 might not be suited at all to the needs of the families in the cooperative.

(b) *Increased mortgage limits for high-cost geographic areas.*—The bill contains a provision amending section 213 (similar to the provision already contained in section 220) which grants to the Federal Housing Commissioner discretionary authority to increase the dollar limitations upon the amount of the mortgage by not to exceed \$1,000 per room in any geographic area where he finds that cost levels so require.

In his testimony before your committee, the Federal Housing Commissioner indicated that he did not favor this provision on the ground that "the cooperative housing program is intended to serve middle income families, and the proposal is not consistent with that purpose." However, an examination of the facts in our opinion does not support this contention; on the contrary, the proposed amendment would in fact bring the benefits of cooperative housing within the reach of many more middle income families.

To take a specific example, we are informed that FHA has issued a commitment to insure a cooperative housing project in a high-cost area where the construction costs amount to approximately \$3,500 per room, with resulting monthly charges of about \$26.50 per room per month—well within the ability of many middle income families. However, under present law, the maximum mortgage is limited to the statutory maximum of \$2,850 per room, thus requiring a downpayment of \$650 per room. The size of the downpayment would make it impossible for many middle income families who could afford monthly charges of about \$27 per room to secure the benefits of this housing.



Under the provisions of the bill, the mortgage in this case could be \$3,325 per room (95 percent of replacement cost since 65 percent or more of the members of the cooperative are World War II veterans) thus reducing the downpayment from \$650 to \$175 per room—a figure very obviously within the range of many more middle income families than a \$650 per room downpayment. At the same time, the carrying charges per room per month would be increased by not more than \$2.50 per room per month. This would increase the monthly cost moderately from about \$26.50 per room per month to no more than \$29 per room per month. Accordingly, your committee feels that the proposed amendment is essential in order to assure that the benefits of the section 213 program will be available on terms within the capacity of many more middle income families.

#### OVERALL FHA MORTGAGE INSURANCE AUTHORIZATION

In order to permit FHA to carry out its various insurance programs during the next fiscal year, the bill would increase the FHA general mortgage authorization to make available an additional \$3 billion. According to best estimates this will provide for anticipated FHA mortgage insurance during 1957 with a modest contingency cushion in the event FHA workload should exceed projected levels. The bill makes it clear that the new military housing program under title VIII is excluded from the overall FHA mortgage insurance authorization.

#### URBAN RENEWAL INSURANCE PROGRAM UNDER SECTION 220

(a) *Sponsors' return.*—In order to give a much needed stimulus and impetus to the production of rental housing in slum clearance and urban renewal areas, the bill would amend section 220 to permit a profit and risk allowance of 10 percent of project costs (excluding land) for sponsors of urban renewal projects under section 220. The need for setting a profit margin sufficiently high to attract private capital into the rental housing program needed in many cities was stressed in the first report of the special Subcommittee on Housing which dealt with slum clearance and urban renewal. That report emphasized that one of the primary obstacles impeding new construction under section 220 is the apparent reluctance on the part of FHA to recognize the need for allowing section 220 sponsors a reasonable profit margin. The subcommittee's strong recommendation to the FHA Commissioner to reexamine his policy has apparently borne some fruit by forcing a somewhat more liberal policy in connection with the handful of section 220 projects so far approved. However, your committee believes that additional legislative guidance to the FHA Commissioner on this subject is needed.

Your committee wishes to emphasize that the amendment would not raise any danger of "mortgaging out" since the cost certification requirement of section 227 would still apply. Moreover, as a further protective feature, the language in the bill contains a proviso which would authorize the FHA Commissioner to prescribe a lesser percentage if he certifies a 10-percent allowance is unwarranted.

(b) *FHA's section 220 in high-cost areas.*—Under the provisions of section 220 as now in effect, the FHA Commissioner has authority to

increase the mortgage limits by up to \$1,000 per room in any geographic area where he finds that cost levels so require. Under the present wording of section 220, however, this \$1,000 increase for high-cost areas applies only to elevator-type structures; it cannot be granted for nonelevator garden-type apartments in high-cost areas.

Your committee believes that this distinction is unrealistic. If an area is in fact a high-cost area, the higher costs must be incurred in the construction of nonelevator garden-type apartments as well as elevator-type apartments. Some urban renewal projects in high-cost areas are planned to contain substantial numbers of garden-type apartments which, of course, do not require elevators and therefore are not eligible for the higher mortgage amounts permitted in high-cost areas. Your committee believes that garden-type apartments can be properly encouraged in high-cost areas in order to provide a more desirable neighborhood environment. The bill would therefore amend section 220 to permit an additional \$1,000 per room for both garden-type and elevator-type projects in high-cost areas.

#### RELOCATION HOUSING UNDER FHA'S SECTION 221

When the Housing Act of 1954 was being considered, it was generally recognized that the insured rental housing to be provided under FHA's section 220 in urban renewal areas would carry rents considerably higher than most of the displaced families could pay.

To combat this problem, another new program—section 221—was proposed. By providing FHA insurance on liberal terms for low-cost sales and rental housing in locations outside of the urban renewal areas, it was hoped to provide a housing solution for some of those families whose incomes were not far above the top rung of public housing income ceilings.

Despite its laudable objectives, section 221 has been virtually a dead letter. While the Housing and Home Finance Agency has made certifications for some section 221 housing in a number of communities, the blunt fact remains that since the enactment of the section, nearly 2 years ago, less than a dozen applications for section 221 housing have been received by the FHA.

The three main roadblocks which singly and in concert are stymying section 221 are the questions of (a) minimum equity requirements, (b) the maximum loan ceiling, and (c) permissible loan maturity.

(a) *Minimum equity requirements.*—When section 221 was first proposed as a vehicle for providing low-cost housing for displaced families, the impetus was to be supplied by permitting 100 percent loans with the borrower paying only closing costs in cash. This proposal was defeated, however, and the maximum loan limited to 95 percent of value. Unfortunately, there are no statistics available to give any reliable indication of the liquid asset holdings of families living in urban renewal areas. However, on a priori grounds one would not expect that families living in urban renewal areas would have very sizable cash savings.

Your committee recognizes that many people oppose no downpayment financing in principle, although in this connection proponents of this view often ignore the important role played by no downpayment financing in the GI loan program, a program which has been a bulwark in our Nation's economy and which has enabled



about a million and a half veterans to buy homes with no downpayment. The gratifying low default rate on GI loans does not seem to give much ammunition to those who attack no downpayment financing on principle.

In any case your committee believes that the paramount nature of the challenge of urban renewal and slum clearance dictates the need for a more liberal approach. Such an approach must recognize the low income status of many families living in urban renewal areas, and that every effort should be made to liberalize the financing available to them so that their hope of home ownership can be translated into reality.

Section 221 as now written calls for a minimum downpayment of 5 percent plus closing costs in cash. On a home priced at \$8,000 this would require a family to make a total cash payment in connection with the home purchase of from approximately \$600 to \$700 depending upon the amount needed to pay closing costs, an amount which varies considerably by geographic area. Your committee submits that while such a cash payment might not prove burdensome to many American families, it does in fact constitute a real barrier to many of the families now living in urban renewal areas. To overcome the downpayment obstacle section 107 of the bill would permit a section 221 loan to cover the full purchase price, except that the borrower would be required to make a cash payment of \$200, which amount could be used to pay closing costs. The bill would also permit 100 percent financing for private nonprofit corporations desiring to build multifamily rental housing for relocation families.

(b) *Maximum loan ceiling.*—In light of today's high level of construction costs, your committee believes that the \$7,600 per unit maximum (\$8,600 in high-cost areas) is unrealistic and unworkable. Accordingly, the bill would increase these amounts to \$9,000 and \$10,000, respectively. Your committee would be reluctant to endorse an increase of greater magnitude since we believe that the primary objective of section 221 to provide homes for lower income families must always be kept in view. Even with such an increase, however, the committee recognizes that the 221 program may well have a limited usefulness in the largest metropolitan centers with their higher construction costs.

(c) *Permissible loan maturity.*—The bill would increase the maximum loan maturity from 30 to 40 years. Since an indeterminate but sizable number of relocation families fall in the low-income brackets, anything reasonable that can be done to reduce the monthly costs of homeownership for such families would seem desirable. When section 221 was first proposed in 1954, a 40-year maximum maturity was contemplated. The permissibility of an additional 10 years in the loan term would effect a reduction in the monthly amortization payment. The principal and interest on a loan at 4½ percent interest in the amount of \$8,000 amounts to \$40.56 per month on a 30-year basis as against \$36 on a 40-year basis. Such a reduction in monthly housing costs might well be crucial to many low-income families living in urban renewal areas.

(d) *Nonprofit rental housing projects.*—The special aids under section 221 for multifamily housing projects to serve families displaced by urban renewal are available only to nonprofit corporations or organizations regulated by Federal, State, or other governmental

public agencies as to rents, charges, and methods of operation. This amendment would make clear that for purposes of section 221, such regulation by the FHA itself will meet the requirement that the project be regulated by a governmental agency. The purpose of the amendment is to broaden the availability of this type of housing, particularly in communities where there is no State or municipal governmental agency in existence or in a position to undertake the required regulation of the project.

#### COST CERTIFICATION ON RENTAL HOUSING

(a) *Incontestability clause.*—Under the cost certification requirement applicable to rental housing insurance under the FHA program, the builder must certify as to actual cost and where applicable, the mortgage must be reduced so as not to exceed the approved percentage of actual cost, e. g., 90 percent in the case of 220 projects. The purpose, of course, was to prevent “mortgaging out” and the possibility of windfall profits which could accrue to the builder. This is a laudable objective which has the unqualified support of your committee.

Indeed the very fact that cost certification has been written into the law supplies a built-in regulator which acts to prevent any basic abuse even if FHA should adopt a more liberal policy on such things as permissible profit allowance.

But however laudable the objective of cost certification, the reality must be faced that its very existence acts as a deterrent to the participation of many established and experienced builders. These builders apparently have a deep-seated fear that their costs, no matter how legitimate, could well be called into question in future years. They all have different operating methods and many of them would incur costs which they would regard as essential to expedite completion of the project, but costs which might easily be challenged by a hostile reviewer at some remote future date.

To meet this problem section 108 of the bill would amend the cost certification requirement by making such certification incontestable after the Commissioner's approval of the certification, except in the case of fraud or material misrepresentation. Your committee hopes that by extending immunity to the review of certified costs after FHA's approval has been made, it will be possible to attract additional sponsors into participating in the FHA rental-housing program.

(b) *Allocation of overhead.*—The bill would also permit an allocation of general overhead costs acceptable to the Commissioner to be included in the certified costs. This change would correct the inequity involved in the present law which denies recognition to any part of the sponsor's general overhead costs.

(c) *Incentive to rehabilitation and renovation.*—A special problem arising from the cost certification requirement of section 227 of the National Housing Act has been brought to your committee's attention. Under present law and regulation, it appears that the cost certification requirement works inequitably when applied to the rehabilitation financing of existing structures to the point where the incentive on the part of the owner to improve such properties is greatly reduced. The nature of the problem is shown by the following three examples. The examples apply to section 207, but the same principle is applicable to section 220.



(1) The mortgagor who buys an apartment structure for \$100,000 and spends \$100,000 for rehabilitation is entitled under the act and regulations to 80 percent of the total cost, or a total insured mortgage of \$160,000.

(2) The mortgagor who owns a similar property valued at \$100,000, subject to a mortgage of \$40,000, and spends \$100,000 for rehabilitation, is entitled to 100 percent of the mortgage and only 80 percent of the rehabilitation cost, or a total insured mortgage of \$120,000.

(3) The mortgagor who owns a similar property without a mortgage, and spends \$100,000 for rehabilitation, is entitled to nothing for his equity and only 80 percent of the rehabilitation cost, or a total insured mortgage of \$80,000.

The effect of the existing law is to require a property owner to invest additional cash to finance improvements even where he has a substantial equity in the property. Your committee realizes that the original intent behind the language in section 227 with respect to rehabilitation financing was to prevent the use of section 207 or section 220 as a device for the owner to withdraw his equity with the proceeds of an FHA-insured loan. Your committee is in agreement with this objective but believes that section 227 as originally drafted went too far with respect to the rehabilitation of existing structures. It would seem quite desirable in your committee's opinion to permit the owner to cover in full the costs of rehabilitation where he has a sizable equity in the property. It would seem especially desirable to provide additional incentive in view of the great emphasis now being placed upon the role which rehabilitation will play in the urban renewal program to fight the spread of blight. We would like to point out also that under section 203 it is possible for a homeowner to obtain an FHA-insured loan to refinance existing indebtedness and also to cover the costs of rehabilitation.

In order to rectify this inequity with respect to existing construction, and to give additional incentive to rental property owners to improve their properties under sections 207, 220, and 221, the bill would amend section 227 to permit insured loans under these sections to cover the full cost of rehabilitation as well as the refinancing of any existing indebtedness provided that the total loan does not exceed the maximum percentage of value permitted by statute. Such a change would permit the owner in most cases to borrow the full cost of rehabilitation, but at the same time would not allow him to take out any of his equity in cash from the mortgage proceeds.

## TITLE II—HOUSING FOR ELDERLY PERSONS

The bill would authorize two important new programs designed to furnish housing relief to elderly families and elderly single persons.

Your committee believes strongly that the case for Government support to the aged in the housing field has been profusely and convincingly demonstrated and that such support should be provided without further delay.

There is statistical and sociological evidence galore to emphasize the problem which results from the disparity between the cost of adequate housing and the ability of many older people to pay for it. For this reason the problem cannot be solved in the judgment of your committee without Government support.

The bill would attack the problem of housing for the elderly on several fronts with a combination of programs designed to give both public and private support.

#### LOANS TO NONPROFIT CORPORATIONS

Section 201 of the bill would provide a new program designed to give relief to elderly families and single persons by encouraging the rehabilitation and construction of low-cost housing by private non-profit groups. The bill would set up in the Housing and Home Finance Agency a new loan program to provide low-cost financing on liberal terms to nonprofit corporations interested in building decent housing for the elderly. The new loan program is substantially similar to the college housing loan program which has been singularly successful and which has provided needed housing to our colleges and universities for housing and related facilities for students and faculty members.

The bill would provide for loans to nonprofit corporations at an interest rate not to exceed  $3\frac{1}{2}$  percent per annum and for a term up to 50 years. Loans can be made for the full amount of the project cost.

Your committee considered an alternative proposal contained in H. R. 9537 which would call for setting up a new program within the FHA for insured mortgage loans to provide financing for nonprofit corporations to build housing for the elderly. On the surface the proposal in H. R. 9537 would appear to have substantially the same objectives as the program called for in section 201 of the bill.

The basic flaw in the FHA-insured mortgage program proposed in H. R. 9537 is that it would impose prohibitive financing costs upon the sponsoring nonprofit corporation and would therefore defeat the very purpose sought, namely, to provide housing at a low cost to elderly families and persons. Under the mortgage insurance plan the interest would have to be at least  $4\frac{1}{4}$  percent, which is the present rate for FHA rental housing, and when the one-half of 1 percent insurance premium payable to FHA is added, the result would be a gross financing cost to the corporation of at least  $4\frac{3}{4}$  percent. Moreover, the maximum permissible loan term would probably be limited to 40 years which is the maximum term which FHA presently permits for all its multifamily housing operations.

In contrast, the bill as reported by your committee would provide 50-year loans at a gross financing cost of  $3\frac{1}{2}$  percent. Such a loan would require a debt service payment of approximately \$4.17 a month per thousand dollars of loan amount, whereas the insured mortgage proposal would require a debt service of approximately \$5.60 a month per thousand.

The significance of these relative cost factors is more easily seen when translated in terms of comparative rentals. Your committee hopes that the cost of the typical housing unit which would be built for elderly citizens under H. R. 11742 would be in the neighborhood of \$7,000. The probable economic rent for such a unit would be at least \$60 per month, if the insured mortgage device were to be employed. Under the program contained under H. R. 11742, the economic rent for the same unit would be at least \$10 per month less, thereby reducing the rent from \$60 to \$50 a month.



One of the special features of the bill in the opinion of your committee is the opportunity it will afford in many cases to sponsoring groups who will be willing to charge less than the economic rent to their elderly tenants. By subsidizing the difference between the rents to be charged and the economic rent, the sponsoring charitable, civic, fraternal, or other public-spirited nonprofit group, could offer dwelling units to elderly citizens at rent levels more in keeping with their ability to pay. Recognizing that the payment of such a subsidy would naturally place an economic burden on the funds of the sponsoring nonprofit organization, your committee believes that it is vital that financing be made available to such groups at the lowest possible cost and on the most liberal terms. In this way any rent subsidy which these groups may absorb could be kept to a minimum.

The bill would provide a revolving loan fund of \$250 million for the program. No more than \$50 million of the loan fund could be outstanding at any one time for related facilities such as cafeterias, community rooms, infirmaries, etc. Your committee contemplates that a loan solely to provide such facilities would not be eligible—the financing of such facilities would be permissible only when they are to be provided as necessary or desirable facilities related to the main purpose of the loan, i. e., to provide housing units for the elderly.

The bill contains a provision prohibiting the use of the housing for transient or hotel purposes. Your committee believes that the Housing and Home Finance Agency should draw the tightest kind of regulations to close all possible loopholes to insure that no unit is made available for transient or hotel purposes.

Your committee also wishes to express its intent that the benefits of the new program should be made available only to nonprofit corporations which demonstrate bona fide intention to achieve the purposes of the legislation and which demonstrate reasonable assurance of financial responsibility.

Your committee hopes that the 3½-percent interest rate which would be permitted will enable some participation on the part of private investors. The bill would contemplate a serialized form of bond financing similar to that used under the college housing loan program, and your committee hopes that the 3½-percent rate will induce the investment of private capital in the shorter maturity obligations of the serialized bonds which would be issued to finance the projects.

#### LOW-RENT PUBLIC HOUSING

In order to meet the pressing needs of elderly families and persons in the lowest income groups, section 202 of the bill would authorize the construction of 10,000 low-rent public housing units annually for a 3-year period beginning July 1, 1956. The units to be constructed would be designed to meet the special needs of safety and convenience required by elderly persons. Both elderly families and elderly single persons would be eligible.

Your committee wishes to emphasize that the bill in no way contemplates an "institutionalized" program under which the elderly would be segregated and cut off from families in other age groups. Although the units built under this section would be especially designed to meet the needs of the elderly, they would be included in the regular public housing projects.

In addition, the bill would extend eligibility to elderly single persons for the regular low-rent public housing program. Under present law only families are eligible for initial occupancy.

These provisions of the bill would furnish immediate aid to that segment of our elderly population in most pressing need. Elderly single persons whose incomes would qualify them for public housing would become eligible for occupancy of units in existing public housing projects. Thousands of other elderly families and single persons in the low-income category would be given an opportunity to occupy the public housing units to be designed and constructed specifically for their use.

#### AIDS TO SALES HOUSING

Your committee is concerned about the difficulties elderly people face when they try to obtain the benefits of FHA-insured financing. In many cases the prospective elderly home-owner cannot supply the required downpayment from his own cash resources, although another individual might well be willing to supply the required downpayment.

To help meet this problem section 203 of the bill would make it permissible for a person 60 years or over to borrow the required downpayment from another individual, under terms and conditions acceptable to the FHA Commissioner.

Your committee contemplates that the FHA Commissioner would issue rules and regulations to prevent abuse. For example, the FHA would certainly refuse to insure a first mortgage where the amount of the first mortgage plus the amount of the secondary debt is in excess of the appraised value of the property, resulting in an unsound transaction for the purchaser and for the FHA. Also, the FHA Commissioner would undoubtedly prescribe against excessive interest charges on the secondary borrowing.

### TITLE III—GOVERNMENT SECONDARY MARKET SUPPORT

#### FEDERAL NATIONAL MORTGAGE ASSOCIATION (SECTION 301)

Your committee is concerned over the shortage of FHA and GI financing in many parts of the country. Excessive discounts, particularly on GI loans, are a vexing problem in many areas. The evils of excessive discounts and their burden upon the home builder and the home buyer are generally recognized. We cannot share the complacency of those who would do nothing to attempt to correct the inequities inherent in the present mortgage capital distribution pattern in which some few areas enjoy an abundance of mortgage capital in contrast to the distressing shortage of such financing in many other areas.

Very recent events in the money market have greatly increased your committee's concern over this problem. During the winter months some easing in the mortgage market situation had gradually become evident, although, to be sure, the improvement shown was only moderate. Discounts remained heavy and money remained tight but fractional advances in the price of GI and FHA mortgages were reported.

But by the spring of this year the money market situation began to deteriorate with serious portent for the housing industry. Because



of the tremendous capital demands to finance plant and equipment expenditures and inventory accumulation, the pressure upon investment funds intensified greatly in the spring. In addition, the monetary authorities again raised the Federal Reserve rediscount rate in early April.

Your committee fears that the combination of a rising interest rate structure and a restrictive monetary policy will act to curtail further the flow of funds into mortgage investment. Any further restrictions in the available supply of mortgage capital can only act to widen further the discounts on Government-underwritten loans and to aggravate further the mortgage capital shortages facing builders and home buyers in many areas of the country.

Your committee is apprehensive over the consequences of a further tightening of the mortgage money market upon the rate of housing construction. The annual rate of housing starts has already dropped far below the rate of a year ago. In the first quarter of 1956 the seasonally adjusted rate fell to 1.1 million units in sharp contrast to the 1.4 million rate experienced in the first half of 1955. The pickup in housing starts, in VA appraisal requests and in FHA applications, have failed to rise to the degree normally expected in the spring of the year. We are fearful that the rate of housing construction may fall still further in the face of worsened conditions in the money market.

In short, your committee cannot share the complacency of those who counsel no action, and emphatically believes that steps must be taken now to ameliorate the excessive discount situation and to help provide the housing industry with adequate mortgage funds at a reasonable price.

Your committee believes that these objectives can be partly achieved by making some improvements and liberalizing changes in the operations of the Federal National Mortgage Association. FNMA has been rendering considerable support to the private secondary market in recent months, and your committee feels that that support can be made more effective—at least as a temporary palliative—by a series of individual corrective amendments without having to revamp completely FNMA's structure. Furthermore, your committee believes that in addition to liberalizing FNMA, an additional new legislative program is needed to supply relief to the present distressed mortgage and home finance industry. The bill would do both of these things.

#### *FNMA purchase prices*

Several proposals have been made to give FNMA more flexibility in establishing the price which it pays for FHA-insured and VA-guaranteed mortgages. Under the law FNMA is required to set its prices "at the market price for the particular class of mortgages involved." Pursuant to this requirement FNMA has set price schedules for FHA and GI loans which vary by geographic area and which vary also depending upon the maturity of the loan and amount of downpayment. Prices range from 95 (for a no-downpayment 30-year loan in some areas of the South and West) to 99½ for a loan in the Northeast which carries a term of no longer than 25 years and involves a downpayment of 10 percent or more. The average price paid by FNMA for the country as a whole through the end of 1955 was 97.

Following the reconstitution of the new secondary market in the Housing Act of 1954, FNMA announced its price schedules in Novem-

ber of that year. However, for months there was virtually no sales activity to FNMA. It was not until the private market really tightened in the late spring and midyear of 1955 that a pickup in sales activity to FNMA became noticeable. The explanation, at least in part, is that FNMA's prices were in point of fact below the market averages then prevailing in a substantial number of areas.

Those who advocate changing the language of the law to give FNMA more flexibility in its pricing policy seem to feel that FNMA should lead rather than follow the market. Presumably if FNMA, instead of merely attempting to follow the market, should actually attempt to lead it somewhat, it would avoid exercising a depressant effect on mortgage prices. Obviously, should FNMA lead the market too far, an undesirable volume of sales to FNMA would probably occur. So presumably the advocates of change in language would want the language drafted to indicate that FNMA should lead the market by a very narrow margin. However, your committee doubts the necessity for any change in the law as long as FNMA officials follow the present law and set prices at the market. In your committee's opinion the strong objections to FNMA's pricing policy arose in large measure during the period when FNMA's prices were unrealistically below the market. Now that FNMA's prices have been made more realistic by market changes, your committee believes that much of the basis for objection has been removed.

#### *The stock purchase requirement*

The present law requires that each mortgage seller buy stock in an amount "not less than 3 percent of the unpaid principal amount" of the mortgage, and FNMA by regulation has required a 3-percent stock investment.

Your committee believes that the 3-percent stock purchase requirement is too onerous. Since, in the usual case, a lender who is forced to resort to FNMA is in a distressed position because of his inability to find an outlet for his mortgages in the private secondary market, your committee believes that the economic sacrifice imposed upon the seller should be minimized. Accordingly, the bill would reduce the stock purchase requirement to no more than 2 percent.

Your committee wishes to point out that reducing the stock purchase requirement from 3 percent to 2 percent would not necessarily mean any retardation in the growth of the private capital share of FNMA's capital structure. To the extent that the lower figure leads to a greater volume of sales to FNMA as more lenders seek relief in a tight mortgage market, there may well be a relatively larger increase in the amount of private capital contribution than would be the case under present law with its minimum 3-percent requirement.

#### *Advance commitments*

Your committee is convinced of the need for supplying additional production credit supports to home buyers and builders in the many areas where funds for GI and FHA loans are virtually unobtainable except at prohibitive discounts. To meet this problem the bill would authorize FNMA to make advance commitments under its secondary market operation. Your committee would like to emphasize that the advance commitment authority provided in the bill in no way contemplates a resumption of a large scale purchase program by FNMA. The bill clearly states that while such commitments should



be issued at a price high enough to provide production support to builders, the commitment price should be sufficiently below the prices offered by the association for immediate purchase to discourage excessive sales to FNMA pursuant to advance commitments. Under the bill users of the advance commitment feature would not be required to buy FNMA stock unless the loans were actually delivered; your committee contemplates, however, that users would pay a reasonable commitment fee for the privilege of the earmarking of FNMA funds and to cover FNMA operating costs. Properly administered, such an arrangement could furnish an immediate prop in the home-construction financing process without the actual use of any appreciable amount of FNMA funds.

Your committee believes that the new provision in the bill would furnish immediate and needed relief to builders and mortgage lenders in areas where it is difficult or often impossible to obtain such commitments in the private market.

#### *Maximum mortgage limit*

Under present law FHA and GI loans are not eligible for sale to FNMA if the original principal amount of the loan exceeds \$15,000. Recognizing the special high-cost problem existing in Alaska, Guam, and Hawaii, and also to take into account the higher loan average which the bill would provide for military housing, the bill would waive the \$15,000 requirement in Alaska, Guam, and Hawaii, and also for FHA section 803 military-housing loans. Your committee studied the arguments of those who favored an across-the-board repeal of the \$15,000 limitation but decided that we could not endorse it, primarily because of our conviction that FNMA's activities should be directed toward the support of homes priced to suit the needs of the great bulk of American families concentrated in the middle and lower income ranges.

#### *Special assistance program*

The special assistance program has a twofold purpose: (1) As a means of retarding or stopping a decline in mortgage lending and home building activities "which threatens materially the stability of a high-level national economy," and (2) to provide special assistance for selected types of home mortgages for segments of the population unable to obtain adequate housing under established home financing programs. As for the price to be paid for special assistance mortgages the law states that the price to be paid "shall be established from time to time by the association."

Notwithstanding the objectives of the special assistance program, FNMA officials set a 2-percent discount or a price of 98 for special assistance mortgages; e. g., section 213 cooperative mortgages, and section 221 mortgages for relocation housing for persons living in urban renewal areas. (Because of their unique characteristics a price of 99½ has been set for title VIII military-housing loans.)

Since FNMA also charges a 1 percent commitment fee plus one-half of 1 percent purchase and marketing fee, this means that a section 213 sponsor or a section 221 sponsor had to pay 3½ points to obtain FNMA financing, and in the final analysis it is usually the home buyer who pays the toll.

Your committee is gratified to note that FNMA finally revised its policy and, effective April 21, 1956, increased the price it would pay for special assistance mortgages from 98 to 99.

However, your committee is convinced that FNMA's present policy of paying below par prices for special assistance mortgages is erroneous and the bill would accordingly direct FNMA to pay par for such mortgages. We are concerned over the fact that many of the special assistance programs are fledgling programs greatly in need of special support to put them on their feet. However, your committee does not necessarily believe that this should be a permanent policy. The bill would therefore direct FNMA to pay par prices for special assistance mortgages for a 1-year period only.

#### *Additional special assistance funds*

Under present law the President is authorized to use \$200 million for commitment and purchase of special assistance mortgages and, in addition, can use \$100 million more for the purchase of 20 percent participations in special assistance mortgages. Under this authority a large proportion of the funds have been earmarked for special assistance programs: \$160 million of the \$200 million for whole mortgages and \$50 million of the \$100 million for the purchase of a partial participation in mortgages. So far the President of the United States has designated the following types of housing as eligible for special assistance—housing for disaster victims, urban renewal housing, housing in Alaska and Guam, and housing in connection with defense or military programs. (Cooperative housing and title VIII military housing are supported under the law by special revolving funds.) If several of the special assistance programs, particularly the urban renewal insurance programs, finally begin to swing into high gear, additional funds will undoubtedly be needed to give adequate financing support through the FNMA special assistance program.

The bill would increase the present \$200 million purchase and commitment authority to \$400 million. The additional authorization of \$200 million should help provide sufficient funds so that FNMA can render the necessary support to the special housing programs meriting eligibility under the special assistance program.

#### *Special assistance for low-cost housing*

Your committee believes there is one program within title II of the FHA which offers considerable promise in the production of low-cost housing. Section 203 (i) of the National Housing Act is designed to encourage the construction of low-cost homes in outlying and rural areas. The housing must meet minimum adequate standards, but the standards are not quite as rigorous as those prescribed for housing in urban centers. Since the maximum permissible mortgage is \$6,750, section 203 (i) contemplates housing in the price range of \$6,000 to \$7,000.

It is encouraging to note that there has been some activity among builders and lenders in section 203 (i) housing since 1954. But so far such activity has been of moderate proportions, and your committee believes that it would be extremely desirable to stimulate a greater volume of such construction. We are particularly hopeful that section 203 (i) could supply at least a partial answer to the unmet housing needs of lower income families.



While it is true that there has been some lender activity in making section 203 (i) loans, it is a well-known fact in the mortgage business that many lenders do not look with favor upon smaller size loans which fall below approximately \$8,000 in original principal amount. Larger loans cost no more to originate or service and of course return more income. This disinclination to invest in smaller loans apparently applies to section 203 (i) loans despite the fact that in practical effect section 203 (i) mortgages carry a 5-percent interest rate, since in addition to the basic 4½ percent permissible interest rate, the lender is authorized to charge the borrower an additional annual one-half of 1 percent service charge.

To give every possible encouragement to this type of housing which offers considerable promise in meeting the housing needs of lower income families, the bill would set up a \$50 million revolving fund under the special assistance program to support FHA section 203 (i) loans.

*The revolving fund for section 213 mortgages*

Although the \$50 million overall fund is revolving—i. e., so that additional advance commitments can be issued so long as the outstanding total does not exceed \$50 million—FNMA has taken the position that under the law the \$5 million suballocation to any one State is not revolving. Your committee does not believe that FNMA's position is in keeping with original congressional intent. The bill contains a provision which would make it crystal clear that the \$5 million per State suballocation maximum is to be a revolving fund, exactly similar to the overall revolving fund countrywide.

*FNMA support to military housing loans*

The bill contains an amendment to make it clear that FNMA's special assistance support for military housing will apply to title VIII loans insured pursuant to the Housing Amendments of 1955, and also pursuant to any subsequent amendments.

The bill will also make it clear that 1- to 4-family housing insured under the new section 809 program established by Public Law 574, effective June 13, 1956, will be eligible for the support of FNMA's \$200 million revolving fund for military housing loans.

USE OF NSLI RESERVES (SEC. 302)

Your committee believes that the amendments to FNMA's operation provided by the bill should help greatly to increase the effectiveness of FNMA's support to the private mortgage market. But at the same time the committee is so greatly concerned over the vexing mortgage capital shortages and the undesirable aspects of excessive discounts, and over the possible recessionary effects of mortgage money shortages upon housing construction, that we strongly believe some additional form of Government support is vitally needed.

Your committee is hopeful that the long-term solution to the mortgage money problem can be achieved through a gradual participation in mortgage investment by the great pools of capital now accumulating in pension and trust funds. We are encouraged over recent developments which indicate that some progress is beginning to be made along this line.

The widespread participation of pension funds is a hoped-for future event, however, and offers no solution to the critical and pressing

problems facing the home-building and home-finance industry in the immediate present. In addition to a more effective FNMA which we believe our recommended changes will achieve your committee is convinced that a new program is needed to supply immediate relief, particularly to those areas hardest hit by the lack of availability of mortgage funds. On several previous occasions the proposal has been advanced to use a portion of the reserves of the veterans' National Service Life Insurance Fund for investment in GI home loans. Your committee has given this proposal careful study and attention and believes that, with proper safeguards, the use of a portion of NSLI funds can provide immediate and direct relief to prospective veteran homeowners, and, as a consequence, to the home-building and home-financing industry. Such a new program could well serve as a pilot project to encourage the participation of private-pension funds in guaranteed and insured mortgages.

Accordingly the bill would authorize the Secretary of the Treasury to invest 10 percent of the national service life insurance fund in loans guaranteed by the Veterans' Administration under section 501 of the Servicemen's Readjustment Act. Since the NSLI reserves now total approximately \$5½ billions, this would provide more than \$500 million for the purchase of GI home loans. Since the program is experimental, the bill would authorize the new program for a 1-year period only. The bill does not contemplate a blanket application of the funds provided on a nationwide basis. In order to ease the problem facing those areas where mortgage shortages are greatest, the bill would require that the funds be used for the purchase of GI loans only in those areas where discounts are heaviest. Channeling the \$500 million to the areas in greatest need is clearly desirable and would also maximize the supporting effect of the approximately \$500 million provided. The price to be paid for such loans could not exceed the unpaid principal balance plus accrued interest, and loans so purchased could be sold for an amount not less than the unpaid balance plus accrued interest. Furthermore, no loan could be purchased except from the original mortgagee prior to any other sale thereof, nor could any loan be purchased after July 25, 1957, except pursuant to an agreement made on or before such date.

Your committee would like to emphasize that the NSLI reserves are not Government funds so that the proposal is not to use Government funds in a direct lending program. The funds are the property of the veteran policyholders. In this connection, your committee has exercised extra vigilance to make sure that the proposal in no way would entail any possible risk of loss to the fund. In the first place, of course, the mortgage securities to be acquired by the fund are underwritten with the VA guaranty, so that any likelihood of loss is for all practical purposes eliminated. But your committee recognizes that the VA guaranty is limited to 60 percent of the loan or \$7,500, whichever is the lesser, so that there would still exist the possibility of some principal loss in the event of a severe real-estate recession. To guard against even this remote contingency, the bill would provide that in case any VA-guaranteed loan acquired goes into default, the Administrator of Veterans' Affairs would be required to purchase the defaulted loan from the fund. The protection of the VA guaranty, plus the guaranteed right to dispose of any defaulted mortgage, assures that the safety of the NSLI fund would be ironclad.



In the interest of administrative efficiency, the bill would authorize the Federal National Mortgage Association to act as agent for the Secretary of the Treasury in carrying out the mortgage purchasing and servicing functions involved. Through this means the Secretary of the Treasury would be enabled to employ the experienced personnel and existing facilities of the Federal National Mortgage Association.

Your committee would also like to point out that the net earnings of the NSLI fund would be increased by the bill. Currently the reserves of the fund are invested almost entirely in special Treasury securities yielding 3 percent. Since the mortgages to be purchased would carry an interest rate of  $4\frac{1}{2}$  percent per annum, with an even higher net yield if the mortgages are purchased at a modest discount, the net return to the fund would be much larger than the 3 percent rate. Moreover, in order to guarantee a higher return, the bill would limit payment by the fund to the Federal National Mortgage Association for its services to three-fourths of 1 percent. This would guarantee a net return at the very minimum of  $3\frac{3}{4}$  percent per annum to the national service life insurance fund. The higher earnings rate thus made possible would permit veteran policyholders to benefit either through lower premium payments or through increased dividends.

## TITLE IV—SLUM CLEARANCE AND URBAN RENEWAL

### NATURE OF THE PROGRAM

The Housing and Home Finance Agency, through its Urban Renewal Administration, administers a program of financial assistance to local communities for urban renewal projects. This program was initiated pursuant to title I of the Housing Act of 1949 and originally was confined to providing Federal aid for what are known as slum clearance and urban redevelopment projects. With the enactment of the Housing Act of 1954, which amended and supplemented the 1949 act, this Federal aid program was broadened to include, in addition to slum clearance and urban redevelopment activities, rehabilitation and conservation activities in blighted urban areas. The term "urban renewal" was incorporated in the Housing Act of 1954 to encompass activities for the prevention, as well as the elimination of slums, blight and deterioration in urban areas.

Under title I of the Housing Act of 1949, as amended, Federal aid may be provided to cities and other local public agencies having the necessary authority under State and local laws for carrying out urban renewal projects, which may comprise slum clearance, urban redevelopment, rehabilitation or conservation activities, or any combination of such activities. Upon application by an authorized local public agency for Federal aid for an urban renewal project, the Urban Renewal Administration may make several types of Federal aid available to such local public agency. The Urban Renewal Administration may make to the local public agency an advance to cover the cost of surveys and plans for the project, a temporary loan to cover the cost of acquisition of real property in the project area, demolition of structures, site preparation, the provision of necessary public improvements and other project costs, and a capital grant in an amount not exceeding two-thirds of the net project cost. In general, the net project cost is the difference between the gross cost

of the project to the local public agency and the proceeds derived from the disposition of project land for redevelopment. The local public agency is required to provide the balance of the net project cost as a local grant-in-aid which may consist of cash, land, project work or public facilities, such as schools or parks, which benefit the project. No title I Federal funds are available for financing the actual redevelopment work; that is, construction of buildings or improvements to buildings. The advance and temporary loans bear interest at not less than the going Federal rate.

The Federal law prescribes certain requirements for the administration of the urban renewal program including eligibility requirements for the applicants, the project areas and the project activities for which Federal aid is available. It requires that the urban renewal project be carried out pursuant to a locally developed and approved urban renewal plan conforming to a general or master plan of the locality and, except as to certain older projects, to a workable program of the community for the elimination and prevention of slums and blight. Redevelopment through private enterprise is emphasized in the Federal law.

#### SECTION 401

##### *Loan and grant authorizations*

In initiating the program of slum clearance and urban redevelopment under title I of the Housing Act of 1949, and expanding the concept in the Housing Act of 1954 to include rehabilitation and conservation activities in blighted urban areas, the Congress recognized the tremendous challenge posed by an effective attack upon these problems. Initially a loan authorization with funds obtained by borrowings from the Treasury in a total amount of \$1 billion was provided and grants from appropriated funds were authorized in a total amount of \$500 million. Last year in the Housing Amendments of 1955 the appropriation authorization for grants was increased by an additional total amount of \$500 million. As of June 1, 1956, project loan contracts had been authorized in an amount of \$220,300,000 and project grant contracts had been authorized in an amount of \$204,800,000.

A provision of the law originally limited the amount of loan or grant funds that could be expended in any one State to not more than 10 percent of the funds provided. As of June 1, 1956, there were 366 project approvals outstanding located in 226 communities in 31 States, the District of Columbia, Alaska, Hawaii, and Puerto Rico. Quite naturally, project approvals have been greatest in the States containing large metropolitan areas where at the time of passage of the act there were already in existence active planning and development divisions within the local governments. By 1953 it was found that a few States were approaching the 10 percent limit of the financial assistance available to them under the act. Since the overall financial assistance authorization was still ample, provision was made so that the Administrator, without regard to the 10 percent State limitation, could enter into contracts for capital grants not exceeding \$35 million with local public agencies in States where more than two-thirds of the maximum capital grants permitted a State had already been obligated. This special allocation could only be made within the limit of the aggregate authorization. This State "over-run" authorization permitted those States which were making good progress in



redevelopment programs to continue to plan additional projects for which there was continuing and urgent need in the fight against slums and urban blight. Under the Housing Amendments of 1955 the \$35 million State "over-run" authorization was increased to \$70 million. Continued active programs in some States again points up the need for further increase in this authority and the bill proposes that it be increased to \$100 million.

#### *Urban renewal plan*

Contracts for loans or capital grants under the title I program are made only with a duly authorized local public agency. However, the contracts require that the proposed urban renewal plan for an urban renewal area be approved by the governing body of the locality in which the project is situated. The act prescribes in part that the urban renewal plan "shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements and the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements." Approval of the urban renewal plan, as it exists from time to time, by the governing body of the locality must include certain findings by the governing body, one of which is that "the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan."

When the title I program was broadened in the Housing Act of 1954 to cover rehabilitation and conservation as well as slum clearance and redevelopment it was provided that for any part of an urban renewal area that was to be cleared of slums or redeveloped there would also have to be a redevelopment plan approved by the governing body of the locality. Since the prescribed contents of an urban renewal plan include the items that would appropriately be included in a redevelopment plan and since approval of the local governing body is required for an urban renewal plan it would appear that the requirements with respect to a separate redevelopment plan only increase paper work and serve no useful purpose. Accordingly the bill would amend sections 105 and 110 of title I of the act so as to remove the provisions relating to redevelopment plan requirements.

The bill also contains an addition to the definition of an "urban renewal plan" to assure that a plan will not include the construction of additional hotel facilities unless it is shown they are needed. It would provide that if the plan includes the construction of a hotel, it shall contain a certification that a survey of anticipated profits has been made by a recognized independent firm and that the results of such survey indicate that additional hotel facilities in the area are needed and can be built and operated profitably.

#### *Payment of moving expenses and certain losses*

The clearing and redevelopment of a slum area causes displacement of families and businesses in the project area and normally places on them the burden of expenses in moving to a new location and other losses. The bill would give specific recognition to this problem and in cases for which reimbursement or compensation is not otherwise

made, authorize relocation payments to individuals, families, or business concerns for reasonable and necessary moving expenses and any other loss of property except goodwill resulting from their displacement by a federally assisted urban renewal project. However, such relocation payments could not exceed \$200 in the case of an individual or family, or \$5,000 in the case of any business concern. They payments could be made from the proceeds of a temporary or definitive loan contract under title I of the Housing Act of 1949 and would be added to the Federal capital grants which the Housing Administrator is otherwise authorized to make. Relocation payments would only be applicable with respect to moving expenses and losses incurred after the enactment of this act. However, any existing contract for an urban redevelopment or urban renewal project could be amended to take advantage of this new provision of law, and such amended contract could provide for relocation payments for expenses and losses incurred after the enactment of this act even though incurred prior to the amendment of the contract.

#### DISASTER AREAS

Recent major floods have revealed special problems in applying present laws to the rehabilitation or rebuilding of urban areas which have been hit by major disasters. Section 402 of the bill would provide desirable modifications in the existing law to facilitate the provision of assistance under the urban renewal program in disaster areas.

A new section (sec. 111) would be added to title I of the Housing Act of 1949, as amended. This new section would be applicable only in areas which are found by the local governing body and the Housing Administrator to be in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, or similar catastrophe which the President has declared to be a major disaster. The Federal Government would be authorized to extend urban renewal assistance for such an area without regard to certain limitations imposed upon nondisaster projects.

Thus, the local community would be permitted to postpone compliance with the workable program requirement, and the urban renewal plan would not have to conform to a general plan for the locality as a whole. These modifications, along with a waiver of the public-hearing requirement, would permit a faster start in the rebuilding of the stricken area. Present requirements that an urban renewal area shall be a slum area or that it shall be predominantly residential in character would be waived where the need for rehabilitation or rebuilding arises from a major disaster. A regular urban renewal plan would be prepared for the project area, and in doing so, the locality would be required to give due regard to the removal or relocation of dwellings from project sites subjected to recurring floods or other recurring catastrophes. Since the displacement of families will in many instances have already occurred as a result of the major disaster, the relocation requirements in the present law would be modified to require only that the local public agency present a plan for the encouragement, to the maximum extent feasible, of the provision of dwellings suitable for the needs of displaced families.



Two sections of the National Housing Act provide FHA mortgage insurance authority designed to assist the carrying out of urban renewal programs. These are FHA sections 220 and 221 and provide for insurance of mortgages on liberal terms provided the community meets the workable program requirement applicable to title I urban renewal projects. In order that these mortgage insurance programs may also be utilized to help meet needs of disaster victims in urban renewal areas the bill provides in such cases that the FHA sections 220 and 221 mortgage insurance would be made available without regard to the workable program requirement.

Section 701 of the Housing Act of 1954 authorizes the Federal Government to make grants, not exceeding 50 percent of the estimated cost of the planning work, to assist community planning in small communities—less than 25,000 population—and to make similar grants to official State, metropolitan, or regional agencies for similar planning in metropolitan or regional areas. The bill would amend this section of the law so that in areas stricken by major disasters, the large cities as well as the smaller communities under 25,000 population could directly avail themselves of the planning grants authorized.

#### URBAN PLANNING AUTHORIZATION

As noted above, section 701 of the Housing Act of 1954 established a program of Federal assistance for community planning. This program was delayed at first by the inadequacy of many State enabling laws. However, in 1955 there was considerable legislative activity on this problem in States throughout the country. In view of this new State legislation, many applications are now in preparation, and the program is rapidly gaining momentum. Present estimates indicate that the original authorization of \$5 million for this limited grant program will be fully allocated by the end of the year. Section 403 of the bill would increase the authorization to \$10 million. The increase in authorization appears warranted by the planning needs of smaller communities which cannot themselves support full-time planning staffs, by the continuing need to encourage metropolitan and regional planning which takes into account factors which cut across municipal and county political boundaries, and to assure that planning advances will be available for communities in areas stricken by major disasters.

#### RESERVE OF PLANNED PUBLIC WORKS

Section 404 would extend to private nonprofit educational institutions of higher learning the same privilege with respect to Government construction planning advances, as that now enjoyed by tax-supported educational institutions of higher learning. Both such types of educational institutions receive equal consideration under provisions of the college housing loan program, and this change would place them on a parity with respect to planning advances.

#### LOANS TO SMALL BUSINESS CONCERNS DISPLACED FROM URBAN RENEWAL AREAS

Section 405 of the bill would amend the small business loan authority contained in section 207 of the Small Business Act so as to permit spe-

cific loan assistance to small-business concerns which are displaced from urban renewal areas as a result of the carrying out of title I urban renewal projects when the Small Business Administration determines it is necessary or appropriate to provide such loan assistance. Loans could be made either on a direct basis or in participation with other lending institutions. Such loans could cover the expenses (including uncompensated expenses of acquiring, constructing, or renovating, new premises and of acquiring necessary land, equipment, facilities, machinery, supplies, materials, or working capital) arising out of or reasonably related to relocation in new areas. This special loan authority would differ from the regular small-business loan authority in that the displaced small-business concerns would not have to first show that loan assistance was not otherwise available on reasonable terms, or that a loan was not available on a participation basis before a direct loan could be made by the Small Business Administration. The required security for a loan to a displaced business would differ from that required for the regular small-business loan in recognition of the changed business circumstances of the borrower resulting from relocation of his business. The bill would provide that a loan to a displaced business may be made with such security as is available and with due regard to the average earnings of the business in the 5 years preceding displacement. Also, the loan maturity could be 20 years as contrasted to the regular small business loan maturity of 10 years and the Small Business Administration's share of such loans could not bear interest in excess of 4 percent as contrasted with the 6 percent maximum set for regular small-business loans. The loan authority relating to displaced small-business concerns would only be applicable to small-business concerns displaced from urban renewal areas on or after the date of enactment of the Housing Act of 1956. An authorization of \$25 million would be provided for loans under this section.

#### AMOUNT OF LOCAL GRANTS-IN-AID

Section 103 of title I of the Housing Act of 1949 authorizes the Administrator to make capital grants to local public agencies to enable such agencies to make land in project areas available for redevelopment at its fair value for the uses specified in the redevelopment plans. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made cannot exceed two-thirds of the aggregate of the net project costs of such projects, and the capital grants with respect to any individual project cannot exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.

Under this authority the Administrator permits local public agencies to pool local grants-in-aid for projects in determining compliance with the requirement of the law that for all projects of a local public agency under contract for grant assistance, the Federal grants may not exceed two-thirds of the aggregate of net project costs for all such projects. For instance, assume a local public agency has two projects, A and B, under grant assistance contract for which net project costs will amount to \$1,200,000 and \$900,000, respectively. If in the case of project A it is necessary for the local community to erect a \$600,000 school building to serve the residents of the redeveloped area A ex-



clusively, the full amount of the cost of that school building could be included as a local grant-in-aid. Then the net project cost of \$1,200,000 would be provided \$600,000 by the local community (the full cost of the school building constituting a local grant-in-aid) and the remaining \$600,000 by a Federal capital grant. The local grant-in-aid of \$600,000 would be 50 percent of the net project cost or \$200,000 more than would be required on a one-third basis. Under the pooling arrangement for consideration of local grants-in-aid, this \$200,000 excess could be carried over as a credit in meeting the local grant-in-aid requirement for project B where the net project cost amounts to \$900,000. Standing by itself the minimum local grant-in-aid requirement for project B would be one-third or \$300,000 but since the local community has a credit of \$200,000 carried over from project A the actual local grant-in-aid which the community would have to make for project B would only amount to \$100,000. However, when projects A and B are considered together the total net project costs of \$2,100,000 (\$1,200,000 for A and \$900,000 for B) are shared two-thirds or \$1,400,000 by the Federal Government and one-third or \$700,000 by the local community (Federal \$600,000 for A and \$800,000 for B, local \$600,000 for A and \$100,000 for B). The requirement of the law that the Federal capital grants cannot exceed "two-thirds of the aggregate of the net project costs of such projects" is fully satisfied.

If such a pooling arrangement is not permitted, the tendency would be, of course, for a local community to so place or tailor the design of needed public improvements so that the maximum Federal capital grant of two-thirds of the net project cost could be obtained for each project, rather than design and place improvements where they best serve actual need. The committee believes the pooling of local grants-in-aid is sound procedure and should be continued.

## TITLE V—PUBLIC HOUSING

### CONTRACTS FOR ANNUAL CONTRIBUTIONS

Subsection 501 (a) would amend the United States Housing Act of 1937 so as to authorize new loan and annual contributions contracts for 50,000 additional public housing units after July 31, 1956, and an additional 50,000 units on July 1, 1957, and July 1, 1958, respectively. Any balance of the authorization of 45,000 public housing units provided for in the Housing Amendments of 1955 not utilized by July 31, 1956, would be available in any succeeding year. No new contracts for loans and annual contributions for additional units in excess of the number authorized by subsection 501 (a) could be entered into unless authorized by Congress.

No evidence has been presented to your committee that private enterprise is yet able to provide the housing needed for families in the lower income groups who are displaced by the elimination of substandard housing. In order to permit the urban renewal program to go forward and to facilitate many other programs of local governments, your committee is of the opinion that a minimum of 50,000 additional low-rent units a year for the next 3 years will be needed.

Title I of the Housing Act of 1949 requires that families displaced by urban renewal activities be furnished with decent, safe, sanitary housing which they can afford. This is a basic humane requirement

which has the support of everyone interested in the slum clearance and urban renewal program. The inevitable byproduct of any large-scale, successful urban renewal program is the uprooting of large numbers of families who must be provided with adequate alternative housing. The impact of slum clearance demolition work is, of course, the most obvious cause for family dislocation—buildings are simply torn down and the relocation problem is immediately apparent to all. But other phases of urban renewal also will inevitably displace large numbers of families. Code enforcement, if rigorously pursued, will displace thousands of families by enforcing minimum density requirements. Rehabilitation of existing structures often may require rent increases forcing the present tenants to move. Also in some cities substantial activity in the construction of luxury apartments is displacing families who occupied the low-rent housing which stood there previously. An inescapable conclusion is that the public housing program is an indispensable tool in any effective attack on slums and blight since a substantial number of the families displaced are in the lowest economic group which simply cannot afford decent private housing at the rents and sales prices at which such housing is currently available.

Your committee believes that the 3-year public housing program provided for in the bill is necessary in order that both the Federal Government and the local authorities may carry out their development activities efficiently and economically on a stable and well-planned basis. Recent experience has clearly shown that a program limited to only 1 year does not give the flexibility and continuity that is necessary for rational planning and economic operation. The Commissioner of Public Housing, in testifying before your committee, pointed out that for the past 2 years, with only 1-year extensions of the program, it has been increasingly difficult to carry out the Public Housing Administration's statutory obligations to a successful administrative conclusion.

Neither the communities nor PHA have the time—faced with a year-end deadline—to make the plans so vital to the success of the program. After Congress authorizes a 1-year program, applications have to be received by PHA and allocations made on the basis of need. This consumes a substantial part of the year. Thereafter, local authorities have to select sites, determine their suitability and probable cost, prepare tentative site plans and dwelling unit plans, outline specifications, and estimate total development cost. This must all be done well before the year runs out, in order to allow time for PHA review and for the preparation and execution of definitive contracts. Year after year it has been the experience of PHA that the available time for accomplishing all these steps is too short, and that in the last-minute rush plans are made hastily.

The 3-year program authorized by the bill is, in our judgment, adequate to overcome the disadvantages of hasty planning. At the same time, it gives the Congress an opportunity to review the program after a reasonable interval.

Subsection 501 (b) would repeal the proviso in the 1953 Appropriation Act which prohibits the PHA from committing itself to authorize the commencement of construction of more than 35,000 dwelling units in any one fiscal year. This proviso creates a needlessly troublesome restriction. The size of the program under this provision would be



controlled through the authorization for entering into contracts, and the rate of construction would then take its normal course, subject to reasonable and necessary administrative controls which the PHA already has by virtue of its power under section 15 (5) of the United States Housing Act to authorize the award of the main construction contract. A 50,000-unit-per-year rate of contracting will, in all probability, result in more than 35,000 units being ready to go under construction in a given year, and any delay in authorizing construction when a project is ready would simply mean additional costs to the Federal Government for administrative expenses, interest on loans, and other running expenses which continue while construction is held up. Furthermore, the proviso in the appropriation act serves no substantive purpose so far as the size of the program is concerned since permanent legislation contained in section 10 (i) of the United States Housing Act expressly prohibits new contracts in excess of the number provided for in that section, unless authorized by Congress. This existing prohibition would be continued by the third proviso of section 10 (i), as set forth in subsection 501 (a) of the bill.

#### DISPOSITION OF FARM-LABOR CAMPS

Section 502 of the bill would add new provisions to the United States Housing Act of 1937, as amended, to direct the Public Housing Administration to transfer its farm-labor camps without monetary consideration to local public-housing agencies.

Requests for transfer under this provision would have to be made by the local agency within 18 months after its enactment. The local agency would have to certify the low-rent need for the project, and also that first preference for occupancy would be given to low-income agricultural workers and their families, and second preference to other low-income persons and families. In the case of Florida, any public-housing agency acquiring such farm-labor camps would be required, in the event of the subsequent sale of such project, to use the proceeds to construct new facilities for such workers and families. The PHA would be required to reserve to the United States any mineral rights in any property so transferred. Any farm-labor camps not disposed of or under a contract for disposal pursuant to this subsection would have to be disposed of by the PHA pursuant to the present provisions of the United States Housing Act of 1937 governing the disposal of real property.

The farm-labor camps were originally developed in the 1930's by the Resettlement Administration. The Housing Act of 1950 transferred them from the Secretary of Agriculture to the Public Housing Administration. The 1950 act stipulated that the camps be disposed of to local housing agencies subject to an obligation to repay any net receipts over a 20-year period to the Federal Government. All but 2 of the 38 camps are covered by such contractual arrangements with local housing authorities, under which the local authorities are now in possession of the projects and in charge of their operation. The effect of the proposed legislation would be to pass title at once to the local authorities free from any further obligation on their part to make payments to the PHA.

Only 16 percent of the 9,049 units in this program are family dwellings with bathroom and kitchen facilities. About 77 percent

are 1-room units for living and sleeping purposes, with toilets, running water, and laundry facilities provided in small community buildings. The remaining 7 percent are merely platforms for tents or trailer-parking spaces.

The farm-labor camps are carried on PHA books at \$11,207,000, their original cost, less depreciation. In the last fiscal year \$1,415,000 in rents were collected and expenses totaled \$1,355,000. The remaining \$60,000 was retained by the local housing authorities as reserves for repair and rehabilitation, the Federal Government receiving no income.

These camps, however, require very substantial improvements if they are to serve the needs of migratory and other agricultural workers. PHA has no funds for this purpose, and under terms of existing contracts the local housing authorities are unable to secure necessary funds from other sources. The local authorities, however, maintain if they owned the projects they would be able to secure funds for their rehabilitation.

Your committee believes it is the part of economy and common sense to dispose of the camps as proposed in the light of the existing conditions.

#### DISPOSAL OF GOVERNMENT-OWNED DEFENSE HOUSING

Section 503 (a) of the bill would transfer 41 temporary defense-housing projects constructed or acquired under the Defense Housing and Community Facilities and Services Act of 1951, and 2 Lanham Act war-housing projects, from the Housing Agency to the Department of Defense effective July 1, 1956.

The defense-housing projects to be transferred now comprise approximately 6,000 units, but it is expected that this number will be decreased by about 98 units before the effective date of the transfer by the removal of this number of dwellings from project NC-4D1, Elizabeth City, N. C. The Lanham Act war-housing projects are the Moreno Court projects (FLA-8082 and 8084), Pensacola, Fla., comprising 198 units.

All the defense-housing units are located on or near military posts or reservations and all of the projects listed have been designated by the Department of Defense as necessary to house military personnel.

Section 606 of the Lanham Act now authorizes the transfer of the Moreno Court projects, among others, to local housing authorities for use in providing housing for families of low income and imposes certain conditions with respect to the transfers. Under the Lanham Act, the PHA has entered into contracts with the respective local housing authorities providing for management of the projects. The contracts also contemplated the eventual transfer of the projects to the local authorities for low-rent use if military needs permitted. After the beginning of the Korean war, transfer of these projects, among others, was suspended at the request of the Department of Defense so that they could be made available for housing military personnel. The Department of Defense needs the Moreno Court projects and the local housing authority has interposed no objection. The Department of Defense would be authorized to utilize any revenue derived from the transferred housing for its maintenance, operation, improvement and liquidation.



Subsection (b) of section 503 of the bill would further provide that defense housing not transferred to the Department of Defense must be disposed of as expeditiously as possible and not later than June 30, 1958, on a competitive-bid basis to the highest responsible bidder. The provision of existing law requiring that these temporary units be sold only for removal from the site, unless the governing body of the locality approves their sale for on-site use is, however, continued. The Housing Administrator may reject any bid which he determines to be less than the fair market value of the property and may thereafter dispose of the property by negotiation. It should be noted that this housing consists of temporary units mostly on or adjacent to military reservations. In the case of project IDA-2D1 at Cobalt, Idaho, however, which is needed for continued use on the site in connection with mining operations necessary for defense, sale would be restricted to use on the site.

Subsection (c) of section 503 would direct the Housing Administrator to convey the Lanham Act Tonomy Hill project (RI-37013) at Newport, R. I., to the Housing Authority of the City of Newport in accord with the provisions of section 606 of the Lanham Act but with authority to house military personnel regardless of income and subject to a 3-year preference for military personnel with respect to 360 of the 538 units comprising the project. It is believed that this is the best way of reconciling the need for this particular project by both military personnel and low-income families.

Special consideration was given to the transfer of two projects (PA-36011 and 36012) in Philadelphia, Pa., and the bill would direct the Housing Administrator to convey these projects to the Housing Authority of Philadelphia under the provisions of section 606 of the Lanham Act. It is further provided, however, that 700 dwelling units in these projects shall be reserved for the use of military personnel for 3 years after the date of conveyance.

Subsection (d) of section 503 would add a new section 614 to the Lanham Act designed to accelerate disposition of two classes of permanent war housing: (1) Housing to be sold on-site which cannot be subdivided for individual sales and (2) permanent housing to be sold for removal from the site. The new section 614 would require that all this housing be sold on a competitive basis to the highest responsible bidder, except that the Housing Administrator could reject any bid which he determined to be less than the fair market value of the property, and thereafter dispose of the property by negotiation.

The projects to be sold on-site are, under the existing provisions of section 607 (c) of the Lanham Act, subject to a special preference for mutual organizations. This preference would be removed by the proposed legislation. However, this termination of preferences would be postponed until January 1, 1958, in order to complete arrangements with prospective purchasers who have already taken steps to obtain preference rights.

In the case of permanent projects to be disposed of by selling the structures for removal from the site, sales preference to veterans under existing law has seldom been exercised and is of little or no value. This preference would, therefore, be eliminated upon the date of the enactment of section 503.

Permanent projects which are divisible so that individual sales can be made for on-site use are not affected by this legislation. It is this

class of projects in which the existing preferences to occupants and veterans are of real value, and these preferences will not be disturbed by the proposed legislation.

Subsection (d) of section 503 is designed to eliminate any lengthy delay on the part of a purchaser in completing a sales transaction after the signing of a contract for the on-site sale of nondivisible housing. This subsection would require that any contracts entered into after enactment of the new section 614 for such disposal (except contracts entered into under the new sec. 614) must provide that if title does not pass to the purchaser by April 1, 1958, the rights of the purchaser shall terminate and the housing then be sold under the provisions of the new section 614. For the purpose of this subsection, title is to be considered to have passed upon the execution of a "conditional sales contract." This term, of course, means a contract under which the purchaser is given possession of the property and title is retained by the Government until full payment of the purchase price.

#### TRANSFER OF CERTAIN OTHER FEDERALLY HELD PROPERTY

Subsection (a) of section 504 of the bill would authorize the Housing and Home Finance Administrator to sell a war housing project known as Chinquapin Village, consisting of 300 dwellings, and located in Alexandria, Va., at fair market value as determined by him on the basis of an appraisal made by an independent real estate expert to the city of Alexandria, or to the Alexandria Redevelopment and Housing Authority, or to any agency or corporation established or sponsored in the public interest by the city. The sale would be made on such terms and conditions as the Administrator shall determine and must be made within 6 months of the date of enactment. Although the Lanham Act in section 606 authorized the conveyance of this project for low-rent use, Congress has, in the past, enacted legislation similar in intent and language to this proposed provision with respect to disposition of independent projects because of special circumstances.

Subsection 504 (b) would authorize and direct the Public Housing Commissioner to sell and convey Techwood Dormitory, situated in Atlanta, Ga., to the Georgia Institute of Technology. The purchase price of the property would be the fair market value of the land as determined by the Public Housing Commissioner. If the property is not sold and conveyed to the Georgia Institute of Technology within 6 months after the date of enactment of the bill, the Public Housing Commissioner is directed to dispose of the property at public sale to the highest competitive bidder. Techwood Dormitory was built with PWA funds and has been leased since its construction by the Georgia Institute of Technology to house its scholarship students in need of financial assistance. Your committee has received assurances that this policy will be continued.

#### CERTAIN PAYMENTS IN LIEU OF TAXES ON PUBLIC HOUSING

In connection with your committee's consideration of H. R. 10773 which would direct the Public Housing Commissioner to authorize the local housing authority of Houston, Tex., to make certain payments to the city of Houston in lieu of taxes for past fiscal years, your com-



mittee has been advised that there are nine other cities that are similarly situated. Section 505 lists these cities together with Houston and the amounts of payments in lieu of taxes that should be approved for them. None of the payments involved would exceed 10 percent of shelter rent, and the authorization to approve these payments is therefore consistent with congressional policy that 10 percent of shelter rent represents an equitable payment to the cities for regular municipal services furnished low-rent public housing projects. In all these cases the services have actually been furnished by the cities.

This legislation is necessary because of a recent ruling by the Comptroller General which prohibits the Public Housing Administration from waiving certain contractual requirements retroactively. The Public Housing Administration has informed your committee that there should be no occasion for repetition of this type of legislation as to the future years because local housing authorities will be notified that payments in lieu of taxes will have to be made in accordance with contractual requirements and that future congressional relief will not be favored.

The total amount involved which will go to the local communities is \$424,294.76. However, no special appropriation will be required to provide these funds because in some cases the payments have already been made to the city; in most others the amounts have been retained by the housing authority and are available for payment; and in the remainder, payment can be made out of current or future operation receipts.

## TITLE VI—MILITARY HOUSING

### ARMED SERVICES MORTGAGE INSURANCE PROGRAM

The bill would extend and improve the armed services mortgage insurance program under title VIII of the National Housing Act.

The present program was established by the housing amendments of 1955 as the most practicable means of coping with the very serious housing problem which faced, and is still facing, our military services.

Although the advantages of providing needed military housing directly through use of appropriated funds are generally conceded, it must also be recognized that budgetary considerations would not permit the expenditure in 1 or 2 fiscal years of the sums needed to meet the immediate total need. Accordingly, your committee believes that extension and improvement of the title VIII military housing program is the most practical vehicle for providing a large quantity of military housing quickly through the utilization of private mortgage capital to be repaid from quarters allowances of eligible service personnel.

All of the reasons advanced for incorporating this title in the law initially were found by your committee to be as compelling as ever. In fact these reasons became more meaningful to your committee following visits by members to a number of military installations where the serious problems facing the field military commander, his officers and men, in carrying out their respective missions, were learned at first hand. The lack of adequate housing is clearly one of the most harassing problems facing our military services.

The armed services of today need and must have the highest caliber of men. The technological advance in all services has placed them in

the position of trying not only to attract but also to retain men who are also being sought by civilian industry.

Admittedly the lack of sufficient and adequate housing is not the only factor making it difficult for our armed services to attract and retain a high proportion of the type of personnel now required. It is generally recognized, however, that the sufficiency and adequacy of housing has perhaps a greater influence upon retainability than almost any other single factor.

Your committee shares the keen desire of the military to improve the efficiency and morale of the soldiers, sailors, and airmen of our Armed Forces by assuring them of an adequate supply of good housing at a reasonable cost. We believe that title VI of the bill would go far toward achieving that most worthy and vital objective.

Section 601 of the bill would extend the military housing program for an additional 3 years through September 30, 1959; extend the program to cover construction of projects on Midway Island and in the Canal Zone; increase the FHA insurance authorization for this purpose from \$1,360,500,000 to \$2,475,000,000, and increase from \$9 million to \$21 million the maximum amount which may be expended in any month from quarters allowances to amortize mortgages insured under title VIII (including acquired Wherry housing); increase maximum average unit cost from \$13,500 to \$16,500; establish maximum limits on net floor area based upon military rank for each unit of military housing; provide for the waiver or reduction of FHA insurance premium charges on mortgages insured under this program; and make certain technical and perfecting amendments to existing law.

#### *Extension of program*

The new title VIII became law on August 11, 1955, but it was not until December 3, 1955, that the memorandum of understanding was executed between the FHA Commissioner and the Secretary of Defense. Until the FHA regulations and field instructions were issued and placed into effect, the services obviously could not request approvals for the planning and construction of needed housing.

Prior to the initiation of any planning, the services are required to show a need for the housing requested. Quite apart from the time taken to prepare the initial field request and considering only the time required to obtain approval of the Secretary of Defense, which involves FHA local and central office concurrence, it was determined that such approval requires a minimum of 38 days up to a maximum of 173 days, or an average period ranging from 15 to 20 weeks. Only after receiving this approval can the service concerned proceed with the development of plans and specifications, acquisition of land, obtaining FHA's preliminary estimate of replacement cost, arranging for advertising, evaluation of bids, setting up the necessary corporations, arrangement for financing, and finally to obtain FHA's commitment for insurance. It is estimated that, apart from land assembly, these operations take approximately 1 year. Construction of the housing thereafter requires an additional 12 to 18 months.

The lapse-time factor has been discussed primarily to demonstrate the obvious need for extending the present expiration date of September 30, 1956. The removal of any cutoff date would weaken the ability of Congress to institute a close followup on this program. Your committee believes in the desirability of continuous congressional surveillance over the execution of the program. This, in itself, will



provide the necessary encouragement to the agencies involved to produce as quickly as possible the housing which our armed services need.

Your committee recognized that the services can be unduly handicapped in programing and designing the required housing under a limitation of time which is too brief to develop a rational and continuous program. The bill therefore would extend the program for 3 years, i. e., by providing a cutoff date of September 30, 1959.

#### *Canal Zone and Midway Island*

Presently the provisions of title VIII apply to military installations in the United States, Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, and the Virgin Islands. The Federal Housing Administration is limited in its insurance programs to these jurisdictions by section 801 (g) of the National Housing Act, as amended.

Your committee discovered through letters and other material brought to its attention, in addition to an inspection of the Canal Zone by its Subcommittee on Housing, that military installations in the Canal Zone are faced with some unique and severe housing problems. The Department of Defense has advised that a similar problem exists on Midway Island.

Accordingly, section 601 would make the Canal Zone and Midway Island eligible to participate under the military housing program.

#### *Increase in maximum average cost*

The armed services housing mortgage insurance program has two principal limitations, other than the insurance authorization, which control the scope of the program. First, section 403 (c), Public Law 345, 84th Congress, places an exact monetary limit on the total mortgage payments (\$9 million per month) for all housing acquired by the military departments under this program. This figure is based upon an average of \$90 per living unit, which is the average quarters allowance received by all armed services personnel. Second, section 803 of the National Housing Act, as amended, provides that the amount of the insured mortgage may not exceed the FHA estimate of replacement cost including the cost of land, physical improvements, and onsite utilities; that it may not exceed an average of \$13,500 per family unit; and that it may not exceed the amount of the lowest acceptable bid.

Evidence developed by the Subcommittee on Housing during visits to a number of military installations makes it clear that while a \$13,500 average per unit is perhaps adequate in some areas, in many areas such a maximum will force our military services to produce housing which will not measure up to minimum desirable standards.

It would be desirable, in the judgment of your committee, for all housing developed under this program, as well as appropriated funds housing, to be as uniform as possible with respect to usable floor space, and other amenities. It was obvious to your committee that housing constructed in outlying military installations and those military installations located in high-cost areas would not be of the type Congress had anticipated when it amended title VIII of the National Housing Act by the housing amendments of 1955.

Our military personnel believe they are entitled to the same type of housing that they could and would be living in if engaged in similar

civilian employment, a belief to which your committee subscribes. It should be recalled that Congress has recognized this premise in enacting the provisions of section 222 of the National Housing Act which relates to FHA mortgage insurance for servicemen. This section provides for a maximum insured mortgage amount of \$17,100 or 95 percent of the appraised value of a dwelling unit (\$18,000). Your committee does not believe any particular dollar limitation to be in itself a magical number. It does believe, however, a realistic average dollar limitation must be established in this law.

Your committee has been advised that the average cost limitation could safely be raised to \$16,500 per family unit and still be in consonance with the \$90 average quarters allowance, which is sufficient to meet the debt service on a \$16,500 mortgage. It would seem that such a request is a reasonable one. The military services are of course expected to be prudent in the use of this increase. The bill would require that the military services adhere strictly to limitations of square-foot area (net floor area) for family quarters contained in the act of June 12, 1948, and the act of June 16, 1948.

Under the present \$13,500 average limitation, the military is restricted to house sizes considerably smaller than these square-foot maximums. An increase in the permissible maximum to \$16,500 would largely overcome this handicap and permit floor areas more in keeping with the square-foot maximums permitted under existing law.

#### *Increase in insurance authorization*

The aggregate insurance authorization would be increased correspondingly, and in addition, the overall authorization would be increased to provide for the construction of a total of 150,000 units. The insurance authorization would be increased from \$1,360,500,000 to \$2,475,000,000. The monetary limit of total mortgage payments per month would also be increased from \$9 million to \$21 million per month to cover the additional 49,000 units to be constructed under the title VIII program plus the acquisition of over 83,000 Wherry units (discussed in a later section of this report).

#### *The principle of modular measure*

Your committee believes it necessary to further implement the provisions of section 406 of the Housing Amendments of 1955:

That such plans, drawings, and specifications may include the use on any project to be constructed under this title of alternate materials or alternate types of construction, including prefabrication, that provide substantially equal value and conform to standards established by the Federal Housing Commissioner.

To accomplish this expressed intent on the part of the Congress, section 601 of the bill would require, as a matter of law, that plans and specifications prepared for the military departments follow the principle of modular measure in order that the housing may be built by conventional construction, on-site fabrication, factory precutting, factory fabrication, or any combination of these methods. In this way, open and free competition will be assured for all segments of the building trades and industries (including the prefabrication industry) as well as insuring that full advantage of design economies, material, and



modern construction methods will be reflected in all military housing projects.

#### PROGRAMING OF MILITARY HOUSING

Your committee received testimony from various organizations in which concern was expressed over possible Department of Defense overprograming of title VIII housing. Accordingly the Department of Defense was requested to advise your committee on this subject. The Department emphasized that the greatest care is being taken to avoid overbuilding. A comprehensive review system has been established to avoid duplication of existing satisfactory assets, including community support housing, in order to prevent possible harmful economic impact on local communities. The Department of Defense indicated that the services have programed as of April 30, 1956, a total of 158 projects comprising 64,947 units under the new title VIII program. Although the Department of Defense has legal authority to overrule the FHA regarding the number of units programed at any installation, it has not done so. Your committee was advised that the total program, including all existing adequate Government and community support housing, as well as planned construction, cannot exceed a maximum of 90 percent of total requirements. A safety factor of at least 10 percent is maintained to provide against unforeseen fluctuations in military and civilian personnel. A larger safety factor is used where programing is based upon future personnel increases, and for installations which enjoy the use of a sizable amount of private housing. Except at isolated stations, no provision is made for "non-key" civilian employees, nor for enlisted personnel of the lower pay grades. These criteria may be relaxed for reasons of military necessity at installations with gross requirements of less than 100 units. Therefore, your committee sees no need at this time to amend the present law strengthening the authority of the FHA Commissioner in this respect. It is believed that the Department of Defense and the Federal Housing Administration have so far cooperated most satisfactorily and there is no reason to believe that this relationship will not continue.

#### ACQUISITION OF "WHERRY ACT" HOUSING

##### *Introduction*

The purpose of the original title VIII program (Wherry housing) was to assist in relieving the acute shortage and urgent need for family housing which existed at or in areas adjacent to military installations, and to increase the supply of necessary family housing accommodations for personnel at such installations. Title VIII was added to the National Housing Act by Public Law 221, 81st Congress.

Under the original law builders were permitted to submit their own plans with the military making the selection which they deemed most suitable for the installation. With the enactment of Public Law 498, the military was permitted to contract with architects and engineers for a standard set of plans. Upon completion of the plans, the military applied to the FHA for appraisal and eligibility statement. The project was processed by FHA and FHA furnished an appraisal and eligibility statement reflecting the maximum mortgage that could be insured under the act. Upon receipt of the eligibility statement, the military offered the project for bids. Upon selection of the lowest

bidder, a certificate of need was issued by the military. The low bidder with the certificate of need would in turn file an application through an approved mortgagee with FHA for an insurance commitment. (The builder was required to pay the necessary fees.)

Mortgagors were required to form a corporation to construct, operate and maintain the project. FHA controlled the rents, sales, capital structure, rate of return through ownership of preferred stock in the mortgagor corporation. Most of the projects were built on Government-owned land leased to the mortgagor corporation. Under the FHA controls, ceiling rents were established which would limit the net return. (The Housing Amendments of 1953 required the mortgagor and builder to certify costs, and the mortgage could not exceed certified costs. Under the Housing Act of 1954, builder-mortgagors were required to certify costs and the mortgage could not exceed 90 percent of certified costs.)

Since the inception of title VIII there have been 272 projects insured involving an aggregate of insurance of \$690,945,270. This amount includes 83,217 housing units.

Section 602 of the bill would direct the Secretary of Defense, or his designee, to acquire housing covered by mortgages insured under the military housing insurance program existing prior to the enactment of the Housing Amendments of 1955, the so-called Wherry housing. The bill would permit the acquisition of such housing by purchase, donation or other means of transfer, or through condemnation. If acquisition is by purchase, a prescribed formula for determining the sponsor's interest is spelled out in the bill. The bill would permit the necessary alteration of such housing after its acquisition if it does not meet existing standards for public quarters. Until altered the housing may be assigned to military personnel as rental quarters without loss of their quarters allowances. An appropriation of not to exceed \$50 million is authorized to create a revolving fund to carry out the provisions of the section.

#### *Mandatory requirement*

Your committee believes strongly in the principle that housing on or adjacent to military bases should be owned and operated by the military department concerned. In the opinion of your committee the time has come to provide a means of transferring the ownership and operation of the approximately 83,000 units of Wherry housing to the military.

Your committee recognizes that these Wherry units now supply a share of the housing need on many military bases. Existing Wherry units must be counted in available housing inventory before new title VIII projects may be scheduled.

Unfortunately, however, many Wherry units do not really solve the military's need. They generally are not up to the standards of public quarters built with appropriated funds. In many cases their rentals are too high to attract military personnel on a voluntary basis. The latter drawback will be aggravated further by the recent Supreme Court decision ruling that Wherry projects are subject to local taxes.

These basic deficiencies in Wherry housing can be rectified by bringing it under the ownership and operation of the military. The military will have the incentive and funds to enlarge and improve the family units involved. Rentals would be lower because sponsor's



profit would be eliminated and because there would be no question of local tax burdens.

Another advantage in transferring ownership of Wherry housing to the military would be that the military services could exercise a closer control over where military personnel reside. The importance of this in terms of increasing the combat readiness of a military base is obvious and is intensified by modern military weapons.

In addition, your committee believes that an orderly acquisition of Wherry housing by the military will provide a means of preventing hardship to the owners of Wherry projects which are inevitably facing increasing competitive pressure from the developing title VIII military housing program which is beyond their control.

For these reasons the bill would provide that as a matter of public policy Wherry housing shall be transferred from private hands to ownership by the military.

*Purchase price to be paid for sponsor's interest*

Although existing law contains machinery which permits the purchase by the military of Wherry housing, as a practical matter no acquisition has taken place. The main reason for this is that present law contemplates transfer on a voluntary basis, and it is understandable that no transfers have occurred because of the natural clash of self-interest as between the military and the Wherry owners. The key question, of course, is the price to be paid for the sponsor's interest. Your committee has studied this matter carefully and we believe that the purchase price formula in the bill is the best possible solution for acquisition through negotiation.

Your committee found that the most difficult problem before it in regard to the acquisition of Wherry housing by the military was the method to be adopted of determining a fair purchase price for the sponsor's interest in this housing—fair to the sponsor but equally important—fair to the Federal Government.

In developing the formula to be included in the bill, our studies showed that the fair market value formula contained in present law, although equitable for some projects, would be grossly unfair to most of the Wherry projects, particularly those with a high vacancy ratio. On the other hand, a formula using actual cost alone would not produce the desired results either since book costs of such projects may not represent the true costs. Your committee also gave careful consideration to a recommendation which would require the Commissioner to use current estimated replacement cost but rejected it because we believed it would place an unnecessary burden on the Government to reestimate each project. We were informed, furthermore, that it would be needless to reestimate since the original estimate of replacement cost as well as the estimate as of the date of final endorsement for mortgage insurance were readily available to the Commissioner of FHA.

The estimate of replacement cost as of the date of final endorsement for mortgage insurance was selected as the starting point to determine the sponsor's interest because it would not only be more equitable to the Wherry owner but more in line with actual costs than the original estimate for replacement cost. The estimate of replacement cost as of the date of final endorsement is actually an adjustment of the original estimate whereby increased costs and construction changes are reflected.

Accordingly the bill would provide that upon request of the Secretary of Defense or his designee the FHA Commissioner would determine the price to be paid for the sponsor's interest in such housing. The Commissioner would use his estimate of replacement cost as of the date of final endorsement for mortgage insurance reduced by the value of improvements installed or constructed with appropriated funds; or the actual cost, as defined in section 227 (c) of the act if the actual cost is less than the Commissioner's estimate. The Commissioner would then further adjust either his estimate or actual costs as determined by him to current costs using cost indexes presently available to him. This amount would then be reduced by an appropriate allowance for physical depreciation. The amount remaining would represent the purchase price of the housing project. To determine the value of the lessee's interest it would be necessary for the Commissioner to ascertain the difference between the purchase price as determined by him and the outstanding principal obligation (the mortgage), plus accrued interest.

This amount, which cannot exceed \$1,500 per unit, would be paid to the lessee either in a lump sum or over a period of not to exceed 5 years. The Secretary of Defense would assume or purchase subject to the balance due under the insured note secured by the mortgage on such housing and make all future payments thereon.

In the event the Secretary of Defense, or his designee, acquires a project held by the Commissioner of the FHA, the bill would provide that the price for such project shall not exceed the face value of the debentures, plus accrued interest thereon, which have been issued by the Commissioner on such project.

Your committee in developing the formula for determining the purchase price of the lessee's interest in a Wherry project believed it to be necessary, for the protection of the Government, to use as one of the bases in establishing purchase price the actual cost of the project. It is the intent of the committee that the Commissioner allow in actual cost all items permitted under section 227 (c) of the National Housing Act, as amended. In cases where the builder and mortgagor are the same, an appropriate allowance is to be made for the builder's fee, if it has been waived, plus off-site cost, if paid for by the mortgagor or its stockholders. The Commissioner should also allow all other items of cost properly chargeable to the project whether or not they are reflected in the mortgagor's books of record for the project concerned. These items of cost shall be proven to the satisfaction of the Commissioner.

Your committee desires to make it most clear that neither the Secretary of Defense, or his designee, nor the lessee are required to accept the price determined by the Commissioner under the formula contained in subsection (c) of the bill. If such price is rejected by either party it is expected that the Secretary of Defense, or his designee, will proceed to acquire such project(s) through condemnation.

Your committee also wishes to make it clear to the Commissioner that the appropriate allowances to be made for physical depreciation under the formula are intended to be composed of the amounts to cover (1) the estimated cost of repairs and replacements immediately necessary to restore the property to sound physical condition, and (2) an allowance for accrued deterioration of items requiring periodic maintenance, repair, and replacement in the future.



*Condemnation procedure*

The bill would also provide authority for the Secretary of Defense or his designee to acquire Wherry projects through condemnation. The bill would require that prior to the use of this authority the Secretary, or his designee, first attempt to purchase the property at the price determined under section 404 (c) of the bill. In the event a satisfactory agreement cannot be reached between the parties, then the condemnation procedure should be used.

*Acquisition of personal property and chattels*

The bill would provide that the Secretary or his designee shall acquire, in addition to the sponsor's interest in such housing, all usable personal property and chattels used in connection with the maintenance and operation of such housing not included under the mortgage as security for the outstanding principal obligation. The price to be paid for such property may not be more than its current fair market value.

Your committee recognizes that reasonable inventories of such supplies and equipment will be needed in the maintenance and operation of the project under governmental ownership.

*Reserves for replacements and other accruals*

The Secretary of Defense, under the bill, would be authorized to enter into agreements with the mortgagee for the release of reserves for replacement, taxes, hazard insurance, etc., and the waiver of all future requirements for such accruals once the mortgage is assumed by the Secretary or his designee. As consideration for such agreement by the mortgagee the Secretary would agree to be responsible for the carrying out of the purposes for which such reserves were accrued.

It should be pointed out that the reason for the existing requirement for such reserves is to insure that sufficient funds are available to the mortgagee to meet all such obligations as they become due. Your committee believes that since these reserves were provided for under the corporate charter and indenture agreement, the mortgagee has an existing contractual right and is entitled to a "quid pro quo" if he is to be induced to surrender his existing contractual right. The written agreement executed by the Secretary of Defense or his designee to the effect that the purposes for which such reserves were created will be carried out, should induce the mortgagee to release all accumulated reserves to the mortgagor corporation and to waive all future requirements for such accruals once the mortgage is assumed by the Secretary or his designee.

*Use of housing after acquisition*

The bill would provide that housing acquired under this section may be assigned as public quarters for occupancy by military personnel and their dependents or leased to military or civilian personnel for occupancy by them and their dependents. The bill would also provide that receipts realized from rentals of such housing or withheld quarters allowances of personnel assigned to such housing be deposited in the revolving fund established in subsection (h).

Your committee intends for the units in acquired Wherry projects to be designated as public quarters insofar as possible and generally assignments of such units should be on a public-quarters basis, using the quarters allowances of the military personnel so assigned to pay

off the Government's indebtedness on each of these units. However, it is recognized that certain civilians should live on base and should have access to Government quarters on a rental basis. There is also the possibility that some of the Wherry units will not be up to standards established for public quarters and consequently not commensurate with the appropriate allowance for such occupants. If such housing does not meet existing standards for public quarters, it may be assigned as rental quarters without loss to such personnel of their quarters allowance until the units are altered or improved so as to become acceptable for assignment as public quarters. In these cases, it is presumed prudent that the Secretary or his designee rent them at rents comparable with similar houses in the area. Rental funds or captured quarters allowances realized from the occupancy of such units by this personnel will be deposited in the revolving fund and will then become available for the payment of the Government indebtedness for the specific houses occupied and any savings realized from such receipts may be used to acquire other Wherry housing projects.

#### *Establishment of a revolving fund*

The bill would establish a revolving fund with an authorization for an initial appropriation of \$50 million. The revolving fund would be established for the purpose of having funds available to the Defense Department for the purpose of paying the purchase price for housing and other property acquired, and to pay principal, interest, mortgage insurance premiums and all other obligations except those for maintenance and operation for each project acquired.

The fund could also be used for improving or altering such housing after acquisition in order for it to meet the standards established for public quarters. However, the initial primary use of this fund is for the acquisition of Wherry projects.

In order to enable the Secretary of Defense or his designee to acquire the Wherry projects without repeated appropriations, it is necessary that rental receipts or withheld quarters allowances be deposited in the revolving fund as the bill would require under subsection (g) of this section. (Normally, rents received by agencies of the Defense Department would be deposited in the miscellaneous receipts account of the Treasury Department). In this regard your committee has been informed that the highest debt service of existing mortgages on Wherry projects requires the payment of approximately \$45 per month per unit. It is anticipated, therefore, that monies paid into the fund from rentals received on such housing, as well as receipts from withheld quarters allowances of personnel assigned to such housing, will exceed the total debt service payments substantially on housing acquired under this section. Therefore, as Wherry housing is acquired the savings realized will permit the acquisition of still additional numbers of these units.

Thus, although the initial appropriation provides for \$50 million, it is anticipated that this fund will be increased and decreased above and below this amount as receipts and expenditures are made. The \$50 million is not intended, necessarily, to be the upper limit of the revolving fund.



## TAXATION OF WHERRY ACT LEASEHOLDS

The bill would clarify congressional intent with respect to the rights of local communities to tax the interests of mortgagors under the Wherry Act mortgage insurance program (title VIII of the National Housing Act prior to the Housing Amendments of 1955) who have leased the mortgaged property from the United States. Under this program rental housing was provided for military and civilian personnel at or in areas adjacent to military installations. Most of this housing was built on land owned by the Department of Defense and leased to the mortgagor corporation. As of May 1, 1956, the FHA had insured mortgages on 272 Wherry Act housing projects and the total of those mortgages amounted to about \$691 million. State and local taxes are paid on more than half of these projects, although the extent of the payments often vary because of local circumstances other than the tax rate or value of the property.

Section 603 of the bill would expressly provide that nothing contained in title VIII or other law shall be construed to exempt from State or local taxes or assessments any right, title, or other interest of a lessee from the Federal Government with respect to any property covered by a mortgage insured under that title. However, the section would provide that any such taxes or assessments must be reduced (from the amount otherwise levied or charged) by such amount as the Federal Housing Commissioner determines to be equal to (1) any payments in lieu of taxes made by the Federal Government to the local taxing bodies with respect to the property plus (2) any expenditures made by the Federal Government for streets, utilities, and other services for or with respect to the property. For purpose of these deductions, initial capital expenditures by the Federal Government for the services referred to could be allocated over such period of years as the Commissioner determined to be appropriate.

It would thus be made clear that States and communities, under adequate State tax statutes, would be able to obtain from Wherry Act projects taxes and assessments which, with payments and expenditures by the Federal Government for services in connection with the projects, would equal the taxes and assessments collected by the local taxing officials from other similar property.

The need for a clarification of this matter has existed since the initiation of the Wherry Act program because of the doubtful validity and effectiveness of various tax statutes of the States as applied to the interests of the mortgagor corporations where the projects are located on lands owned by the United States. The problem has involved the major constitutional question of the right of States to tax the mortgagor's leasehold interest, and has been complicated by the large variety of statutes in the individual States which local taxing officials have attempted to apply to the mortgagor's interests. There has been a substantial amount of litigation on this matter in State and lower Federal courts over the period of the program without uniformly resolving the questions involved. The recent decision of the Supreme Court of the United States in the case of *Offutt Housing Company v. County of Sarpy* (May 28, 1956) upheld the right of local taxing officials in the State of Nebraska to levy certain State and county "personal property" taxes against the lessee's interest in a title VIII project, measured by the full value of the buildings and improvements. How-

ever, as a large portion of the projects have not been subject to State and local taxes, payments in lieu of taxes have frequently been made to local taxing officials in exchange for usual services, such as schools, furnished to the projects. Also, many expenditures have been made by the Federal Government for streets, utilities, schools, and other services normally furnished by taxing bodies. As tax payments for a project normally have an ultimate effect on the rentals paid by military and civilian personnel at the military installations, it is important that no payments be made to communities which would constitute a windfall over and above normal taxes. Consequently, it is very important to assure that the project does not duplicate payments for services furnished to it. This duplication would be avoided under the provision in the bill for deductions from tax payments, as explained above.

## TITLE VII—MISCELLANEOUS

### FARM HOUSING

Your committee is concerned over the substandard quality of much of the Nation's farm housing and over the difficulty many farmers face in obtaining adequate long-term housing credit at a reasonable cost. The most recent Census of Housing (1950) showed that 20 percent of farm houses are in such a dilapidated condition that they need to be replaced or are in need of major repair; in contrast, less than 7 percent of urban homes were classified as dilapidated.

The inadequacy of farm housing was serious in 1950 when farm income reflected 100 percent of parity. With net farm income down nearly \$4 billion since 1952, the difficulties facing many farm families in their attempts to correct farm housing deficiencies have multiplied.

To help meet this problem, section 701 of the bill would extend title V of the Housing Act of 1949 to provide for a 5-year farm housing program. Specifically, the bill would authorize (1) \$450 million for direct farm housing loans to be available during a 5-year period; (2) an additional \$10 million for contributions by the Secretary of Agriculture to prevent defaults in payments on loans for potentially adequate farms; and (3) an additional \$50 million for grants and loans for improvements and repair to keep houses safe and sanitary and also to encourage family-size farms.

Your committee deeply regrets the administration's failure to implement the farm housing loan program under title V of the Housing Act of 1949. Despite consistent action each year on the part of Congress to extend the title V farm housing loan program, the program has been made a dead letter through administrative inaction and neglect. No loans have been made under the program since December 1953, and your committee notes that a recent supplemental request on the part of the administration for \$5 million to be used for fiscal 1956 will fall woefully short of meeting farm housing needs since such a sum would provide loans for only an estimated 830 farm families.

Your committee believes that an effective direct lending program under title V is a needed supplement to the farm housing loans available under title I of the Bankhead-Jones Act. The loans under the Bankhead-Jones Act meet an important part of farm housing need, but they do not reach all of the area of need by any means. Loans under title I of the Bankhead-Jones Act are limited to owners of



economic family-sized farms, whereas loans under title V of the Housing Act of 1949 are not. Title V loans can serve low-income families who reside on less than adequate sized farms. Title V loans are limited to 4 percent interest and the term can be as long as 33 years. Others in need of assistance include owners of small tracts of land, who round out their full-time farming operations with leased land. These individuals cannot be assisted with farm ownership loans (title I of Bankhead-Jones Farm Tenant Act) because their individual farms are not in themselves large enough to constitute family-type farm unit.

For the purpose of determining eligibility for title V farm housing loans Congress defined a farm as land—

\* \* \* operated as a single unit which is used for the production of one or more agricultural commodities and which customarily produces or is capable of producing such commodities for sale and for home use of a gross annual value of not less than the equivalent of a gross annual value of \$400 in 1944 \* \* \*.

Thus housing loans may be made on farms which are too small to meet the efficient family-farm unit requirement of the Bankhead-Jones Farm Tenant Act.

From the standpoint of economic soundness, the records of the title V farm loan program indicate that a great preponderance of the loans made have been sound. There have been very few foreclosures under the program.

Farm families assisted under the title V program are those who have been certified by farmer committees as being unable to obtain the necessary credit from private sources.

Although the bill would authorize availability of some \$500 million over a 5-year period, it is not a new loan authority, but an effort to renew the unused loan authority which has accumulated under title V since its inception in 1949.

The bill would thus establish the title V program as a much needed long-term program to provide low-cost credit on liberal terms to farmers. Your committee deeply hopes that by providing such a long-term program we can induce a change of attitude on the part of the administration so that the title V program can function effectively.

#### COLLEGE HOUSING

The college housing loan program, first authorized in the Housing Act of 1950, is now functioning to meet the critical housing shortage on the campuses of the Nation's colleges and universities. The demand for housing has been so great that the authorization of \$500 million under present law is nearly exhausted. At the end of May, approximately \$408 million had been committed and applications involving an additional \$60 million were on hand. Loan commitments so far will provide housing for approximately 92,000 students, 3,600 student families and 1,150 faculty families.

The need for college housing is becoming more and more acute as our institutions of higher learning face mounting enrollments. The situation is further aggravated by a diminishing supply of off-campus housing. Obsolescence of older structures and the construction of

private homes which have no extra rooms to rent to students are contributing factors.

Your committee is convinced that this meritorious program must have additional funds to continue its operations. Accordingly, section 702 of the bill would increase the authorization for college housing loans by \$250 million, bringing the total authorization to \$750 million.

#### PUBLIC FACILITY LOANS

Section 703 of the bill would amend title II of the Housing Amendments of 1955, so as to define the term "States" as used in title II of Public Law 345, 84th Congress, to include not only the several States but the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

#### FEDERAL SAVINGS AND LOAN ASSOCIATIONS

Section 704 of the bill would increase the maximum permissible uninsured home improvement loan which may be made by a Federal savings and loan association from \$2,500 to \$3,500. Since title I of the bill would increase the maximum permissible home improvement loan for single family structures under the FHA title I program to \$3,500, your committee believes that similar authorization should be given to Federal savings and loan associations with respect to loans of the same type.

#### FEDERAL HOME LOAN BANK BOARD

Section 705 of the bill would provide for a study by the Federal Home Loan Bank Board of means of improving the services rendered by savings and loan associations, and would also continue the present organizational structure of the Federal agencies governing the savings and loan business.

On May 17, 1956, there was submitted to the Congress Reorganization Plan No. 2 of 1956. This plan would separate the Federal Savings and Loan Insurance Corporation and the savings and loan insurance program from the Federal Home Loan Bank Board, which now administers that program along with other Federal programs relating to savings and loan associations. The bill would disapprove this plan and prevent its taking effect (or, if it has become effective by the time the bill is enacted, would nullify it).

The Federal Home Loan Bank System was established under the Federal Home Loan Bank Act of 1932 as a reserve credit system for member savings and loan associations. The Federal Savings and Loan Insurance Corporation was established under the National Housing Act of 1934 to insure savers' funds in savings and loan associations. These activities are supervised and managed by a three-man Federal Home Loan Bank Board which also charts and supervises Federal savings and loan associations chartered under the Home Owners' Loan Act of 1933.

Your committee believes that Reorganization Plan No. 2 should not go into effect because: (1) any basic change in the organizational structure of these Federal agencies should come only after adequate consultation with the Congress, the Board, and the industry; and (2)



the committee has serious questions as to the basic merits of the plan and its possible effect on the savings and loan associations of the country which are currently supplying a vital 37 percent of all home financing.

Your committee has processed and supported the legislation creating the various Federal instrumentalities for savings and loan associations and has, from time to time, amended the statutes to provide needed improvements and modernization. The record of the Nation's savings and loan associations both in encouraging savings and in providing home loans, testifies to the overall effectiveness of the basic legislation and the basic organization of the Federal agencies.

The committee feels that there is a real question as to whether it would be in the public interest or in the interest of the savings and loan associations to have two different agencies regulating the savings and loan business. Such a situation is conducive to conflicting regulations, duplication of supervision, and agency conflict. The Housing Subcommittee's recent investigation of urban renewal activities has clearly indicated that controversy and buck passing between agencies can stifle the accomplishment of a constructive program and impede congressional intent. The committee also questions the advisability of establishing a board of trustees without a requirement for bipartisanship or without a stated and specific term. The proposed reorganization does not reduce the number of agencies or reduce expenses but, on the contrary, establishes a new additional agency with inevitable additional agency expenses.

Even if it were assumed that the insurance program should be separated from the present Board, the separation should be undertaken only after careful consideration of the proper division of functions between the two new agencies. Adequate provisions governing the relationships between the two agencies can be worked out only after consultation with the Board and a careful study of the programs now administered by the Board. This was not done in preparing Reorganization Plan No. 2, and the plan fails completely to draw the necessary lines between the present Board's functions and those of the proposed new board. The result would be a period of paralyzing confusion.

The committee realizes there may be room for improvement in the operation of the Federal Home Loan Bank System, and the bill would direct the Federal Home Loan Bank Board to study methods of achieving such improvements and report to the Banking and Currency Committees of the Senate and the House by January 31, 1957. In its study, the Board would give particular attention to the improvement of credit facilities for savings and loan associations, the separation of credit functions and supervisory functions within the System, and liquidity requirements of savings and loan associations.

## SECTION-BY-SECTION SUMMARY OF THE BILL

### SECTION 1. SHORT TITLE

This section would provide that the act may be cited as the "Housing Act of 1956."

### TITLE I—FHA INSURANCE PROGRAMS

#### SECTION 101. PROPERTY IMPROVEMENT LOANS

Subsection (a) (1) would amend section 2 (a) of the National Housing Act to extend for 2 additional years (to September 30, 1958) the authority of the Federal Housing Administration to insure home repair and improvement loans under title I of that act. Title I of that act authorizes FHA to insure qualified lending institutions against loss within prescribed limits on loans made to finance alterations, repairs, and improvements in connection with existing structures and the building of new nonresidential structures, with FHA's liability being limited to 90 percent of loss on each individual loan and to 10 percent of all title I loans made by any one lending institution.

Subsection (a) (2) would amend section 2 (a) of the National Housing Act to authorize the Federal Housing Commissioner, in his discretion, to waive the requirement that a residential structure must have been completed and occupied for at least 6 months before a loan financing improvements to the dwelling can be eligible for title I insurance.

Subsection (b) (1) would amend section 2 (b) of the National Housing Act to increase the maximum amount of loans which can be insured by FHA under title I from \$2,500 to \$3,500 in the case of loans for the improvement of single-family dwellings and from \$3,000 to \$3,500 in the case of loans for the construction of new structures.

Subsection (b) (2) would amend section 2 (b) of the National Housing Act to increase the maximum term of loans which can be insured by FHA under title I (other than loans for the improvement of multifamily dwellings) from 3 years to 5 years.

Subsection (5) (3) would amend section 2 (b) of the National Housing Act to increase the maximum amount of loans which can be insured by FHA under title I from \$10,000 to \$15,000 (or, if less, an average amount of \$2,500 per family unit) in the case of loans for the improvement of multifamily dwellings.

Subsection (c) would add a provision to section 2 (b) of the National Housing Act which would establish a ceiling on the interest rate on title I loans. Under this provision loans insured on or after 60 days from the date of enactment of the bill would bear interest and insurance premium charges not exceeding (1) an amount, with respect to so much of the net proceeds of the loan as does not exceed \$1,500, equivalent to \$5 discount per \$100 of original face amount of a 1-year note payable in equal monthly installments, plus (2) an amount, with respect to



any part of the net proceeds of the loan in excess of \$1,500, equivalent to \$4 discount per \$100 of original face amount of such a note.

#### SECTION 102. SECTION 203 MORTGAGE INSURANCE

Subsection (a) would amend section 203 (b) (2) of the National Housing Act to provide that the maximum amount of a mortgage on an existing dwelling insured by FHA under that section would be 95 percent (instead of the present 90 percent) of \$9,000 of the appraised value of the property plus 75 percent of value in excess of \$9,000 where the construction of the dwelling was completed more than 1 year prior to the application for mortgage insurance. If the dwelling was completed less than 1 year prior to such application, and it was not approved for mortgage insurance before construction, the maximum would remain as under present law for all existing housing at 90 percent of \$9,000 plus 75 percent in excess of \$9,000.

Subsection (b) would amend section 203 (b) (2) of the National Housing Act to provide that, where the mortgagor is not the occupant of the property, the maximum amount of a mortgage insured by FHA under that section would be 90 percent (instead of the present 85 percent) of the amount otherwise determined.

Subsection (c) would amend section 203 (h) of the National Housing Act to increase from \$7,000 to \$12,000 the maximum amount of a mortgage insured by FHA under that section, which provides for insurance of mortgages on single family dwellings up to 100 percent of appraised value where the mortgagor has been displaced from his former home by a major disaster.

#### SECTION 103. RENTAL HOUSING INSURANCE

This section would liberalize the FHA section 207 rental housing program.

Subsection (a) would amend section 207 of the National Housing Act to increase the maximum ratio of loan to value, for mortgages financing rental housing and insured under that section, from 80 percent of estimated value to 90 percent of estimated value of the project.

Subsection (b) would increase the dollar limits on section 207 mortgages from \$2,000 per room to \$2,250 per room. Where the number of rooms in the project is less than 4 per family unit the mortgage could be up to \$8,100 per family unit instead of \$7,200 as under present law. The limits on mortgages financing elevator type structures would be increased from \$2,400 to \$2,700 per room and from \$7,500 to \$8,400 per family unit. This subsection would also add a new provision to section 207 under which the Federal Housing Commissioner could increase any of the foregoing dollar amount limitations per room by not to exceed \$1,000 per room in high-cost areas.

Subsection (c) would remove the present provisions of section 207 (c) which authorize mortgage limits of 90 percent of value where the number of bedrooms in the project is equal to or exceeds 2 per family unit and the mortgage does not exceed \$7,200 per family unit. These provisions would no longer be necessary if subsections (a) and (b) of this section are enacted.

## SECTION 104. COOPERATIVE HOUSING INSURANCE

This section would add new provisions to section 213 of the National Housing Act to encourage the production of cooperative housing financed with FHA mortgage insurance under section 213.

Subsection (a) would authorize FHA to insure mortgages under section 213 where the mortgagor has certified to the Federal Housing Commissioner that upon completion of the project covered by the mortgage it intends to sell the project to a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust at the actual cost of the project. The mortgagor in such cases would also be required to be regulated or restricted by the Federal Housing Commissioner as to rents, charges, capital structure, rate of return, and methods of operation during any period it holds the project. The corporations and trusts to whom the housing would be sold would be cooperatives purchasing the housing for occupancy by their members.

Subsection (b) would provide that in the case of a mortgage insured under section 213 where the mortgagor is not a cooperative but has certified that it intends to sell the project to a cooperative the mortgage could not exceed 85 percent of the estimated replacement cost of the project. The subsection also contains a proviso which would make it clear that when such a mortgagor sells the project to a cooperative within 2 years the mortgage given to finance the sale could be insured under the provisions of section 213 which relate to mortgages given by cooperatives, and would not be subject to the limit of 85 percent of replacement cost provided for mortgages financing housing for sale to cooperatives. For example, under section 213 the amount of a mortgage can be as high as 95 percent of replacement cost of the project when 65 percent of the membership of the cooperative giving the mortgage consists of veterans.

Subsection (b) would also add a new provision to section 213 under which the Federal Housing Commissioner would be authorized to increase the dollar limits per room on mortgages insured under section 213 by not to exceed \$1,000 per room in high cost areas.

Subsection (c) would provide that where a mortgagor has certified that the housing project will be sold to a cooperative and fails to sell the project the mortgagor would not thereafter be eligible for insurance of any additional mortgage loans under section 213.

Subsection (d) would require that mortgagors building housing for sale to cooperatives with mortgages insured under section 213 would be required to agree to provide the cost certification required under section 227 of the National Housing Act for multifamily housing financed with FHA-insured mortgages.

## SECTION 105. GENERAL MORTGAGE INSURANCE AUTHORIZATION

This section would amend section 217 of the National Housing Act, which provides the general mortgage insurance authorization for FHA, to make available \$3 billion in addition to the amount obligated as of July 1, 1956.

This section would also make it clear that the special insurance authorization for the new military housing mortgage insurance program authorized in 1955 (title VIII of the National Housing Act, as



amended by the housing amendments of 1955) was not intended to be included in the general FHA mortgage insurance authorization.

#### SECTION 106. SECTION 220 INSURANCE

Subsection (a) would amend section 220 of the National Housing Act to provide that in estimating replacement cost for the purpose of determining the maximum amount of a mortgage which can be insured under that section, if the mortgagor is also the builder, replacement cost shall include an allowance for builder's and sponsor's services, profit, and risk of 10 percent of all of the allowable cost items except the land, unless the Federal Housing Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage.

Subsection (b) would amend section 220 to make it clear that the Federal Housing Commissioner's authority to permit in high cost areas a \$1,000 increase per room in the mortgage limits for multifamily housing mortgages applies to garden-type apartments in such areas as well as to elevator-type apartments. The present law has been interpreted as allowing this increase only for elevator-type structures.

#### SECTION 107. LOW-COST HOUSING FOR DISPLACED FAMILIES

This section would liberalize the FHA section 221 program for the provision of low-cost housing for families displaced by urban renewal projects or other governmental action. The program covers both single-family homes and multifamily structures built by private nonprofit organizations.

The maximum dollar amount of mortgages which can be insured under section 221 would be increased from \$7,600 to \$9,000 per dwelling or family unit, and from \$8,600 to \$10,000 per dwelling or family unit in high-cost areas.

Under the amendments made by this section, a mortgage could be insured under section 221 up to 100 percent of the appraised value of the property, but in the case of a mortgage covering a single-family dwelling the mortgagor would be required to make an initial payment of at least \$200 in cash or its equivalent. Such payment could include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses. Under present law a mortgage insured under section 221 cannot exceed 95 percent of the appraised value of the property, and if it is a mortgage covering a single-family dwelling the mortgagor must pay at least 5 percent of the estimated cost in cash or its equivalent at the time of insurance.

This section also contains a provision increasing the maximum maturity of section 221 mortgages from 30 years to 40 years, and a provision permitting private nonprofit organizations to obtain insurance of multifamily housing mortgages under section 221 on the basis of regulation or supervision by the Federal Housing Commissioner, as well as on the basis of regulation or supervision by a State or local agency (as is the case under present law).

## SECTION 108. APPROVAL OF COST CERTIFICATIONS

Paragraph (1) would amend section 227 of the National Housing Act of make final and incontestable the cost certification of a mortgagor with respect to a multifamily housing project after the Federal Housing Commissioner has approved the certification, except where there is fraud or material misrepresentation on the part of the mortgagor. Under section 227 of the National Housing Act, before a mortgage can be insured by FHA to finance a multifamily housing project (except military housing under the new title VIII program) the mortgagor must agree either to certify that the "approved percentage" (as defined by the law) of the cost of the project equaled or exceeded the amount of the mortgage, or to pay the mortgagee (for application to the mortgage) the amount by which the mortgage exceeds the "approved percentage" of such cost.

Paragraph (2) would amend section 227 to make it clear that allocations of general overhead items can be included as part of the actual cost of the project for cost certification purposes.

Paragraph (3) would amend section 227 to provide that, for the purpose of cost certification (but not for the purpose of determining maximum insurable mortgage amounts under other provisions of the National Housing Act), if the insured mortgage is to assist the financing of repair or rehabilitation and no part of the proceeds of the mortgage will be used to finance the purchase of the land or structures involved, the amount to be certified would be 100 percent of actual cost.

## TITLE II—HOUSING FOR ELDERLY PERSONS

## SECTION 201.—LOANS TO NONPROFIT CORPORATIONS TO PROVIDE HOUSING FOR ELDERLY FAMILIES AND ELDERLY PERSONS

Under this section the Housing and Home Finance Administrator would be authorized to make loans to private nonprofit corporations to construct, rehabilitate, or convert structures for rental housing and related facilities for elderly families and elderly persons (including land acquisition and site improvement). Related facilities would include cafeterias or dining halls, community rooms or buildings, infirmaries or other health facilities, and other essential service facilities, when provided in connection with such housing.

Subsection (a) states that the purpose of the section is to assist private nonprofit corporations to provide housing and related facilities for elderly families and elderly persons.

Subsection (b) provides that the loans could not exceed the total development cost as determined by the Administrator, must mature in not more than 50 years, and shall bear interest at not more than 3½ percent per annum. No loan could be made unless the corporation shows that it cannot secure the necessary funds from other sources upon terms and conditions equally as favorable as terms of loans from the Administrator. Construction must not be of elaborate or extravagant design or materials. The Administrator would obtain funds for loans by borrowings from the Treasury which could not exceed \$250 million outstanding at any one time. Of this amount, borrowings for related facilities could not exceed \$50 million outstanding at any one time. Borrowings from the Treasury would bear interest at a rate



determined by the Secretary of the Treasury but not more than 3 percent per annum.

Subsection (c) would require the Administrator to prepare and submit annually a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, and to maintain accounts which would be audited annually by the General Accounting Office. Funds available for carrying out functions under this section (including appropriations which are authorized) would be available for the administrative expenses of the Administrator in connection with these functions in such amounts as may be authorized by Congress. This subsection also contains other general provisions for the administration of this loan program, including provisions to prevent the use of housing constructed with loans under the program for transient or hotel purposes while such loans are outstanding.

Subsection (d) contains definitions of terms used in the section. Under these definitions, the term "elderly families" would mean families the head of which (or his spouse) is 65 years of age or over; and the term "elderly persons" would mean persons who are 65 years of age or over. The definition of "corporation" would permit loans to be made under this section only to private nonprofit corporations which are approved by the Administrator as to financial responsibility.

#### SECTION 202. LOW-RENT PUBLIC HOUSING FOR THE ELDERLY

Subsection (a) would amend section 2 of the United States Housing Act of 1938 so as to make low-income elderly single persons eligible for occupancy of low-rent public housing. It would also define the term "elderly families" to describe the individuals who would be eligible for occupancy of the special low-rent public housing provided for the elderly by section 10 (m) of that act (as added by subsec. (b) of this section).

Subsection (b) would add new provisions to section 10 of the United States Housing Act which would authorize the Public Housing Administration to enter into contracts for loans and annual contributions to assist in the provision of 10,000 low-rent public housing units per year for 3 years (beginning July 1, 1956) designed specifically for low-income elderly families. A first preference would be given to low-income elderly families in the occupancy of this special housing, which preference would be prior to any other preferences provided in the public housing law. The provision of this special housing would not be construed as preventing the provision of dwelling units designed for elderly families in other low-rent housing projects. The total authorization for annual contributions to low-rent public housing would be increased by \$4 million per annum on July 1, 1956, and by the same amount on July 1, 1957, and on July 1, 1958, in order to provide the additional contributions needed for the special housing for the elderly.

Subsection (c) would amend section 15 (5) of the United States Housing Act to provide that the maximum cost per room for dwellings designed specifically for elderly families could be \$2,250 per room instead of the \$1,750 per room maximum provided for other public housing.

Subsection (d) would amend section 15 (8) (b) of the United States Housing Act to waive, for elderly families, the requirement that

tenants admitted to low-rent public housing must come from substandard housing.

Subsection (e) would amend section 21 (d) of the United States Housing Act to reflect the increase (attributable to the provision of low-rent public housing designed specifically for elderly families) of \$12 million in the amount of the authorization for annual contributions.

#### SECTION 203. DOWNPAYMENT ASSISTANCE

This section would amend section 203 (b) of the National Housing Act, which authorizes the regular FHA sales housing mortgage insurance program, to provide that in cases where the mortgagor is a person 60 years of age or older, the downpayment required by that section could be paid by an individual other than the mortgagor under such terms and conditions as the Federal Housing Commissioner may prescribe. This would permit an elderly person to borrow the downpayment, if necessary, subject to regulations of the Commissioner

### TITLE III—SECONDARY MORTGAGE MARKET

#### SECTION 301. FEDERAL NATIONAL MORTGAGE ASSOCIATION

This section would liberalize in a number of respects the operations of the Federal National Mortgage Association.

Subsection (a) would amend section 302 of the National Housing Act to exempt FHA section 803 military housing mortgages and FHA or VA mortgages covering houses in Alaska, Guam, or Hawaii from the \$15,000 per dwelling unit limit on the amount of a mortgage which can be purchased by FNMA under any of its operations.

Subsection (b) would amend section 303 of the National Housing Act to reduce the amount of FNMA capital stock which mortgage sellers are required to purchase. Under this amendment mortgage sellers would be required to make payments of nonrefundable capital contributions equal to not more than 2 percent of the unpaid principal amount of mortgages involved in purchases or contracts for purchases between the seller and FNMA. Under the present law such contributions are equal to 3 percent of the unpaid amount of the mortgages, or such greater percentages as may from time to time be determined by FNMA. Subsection (b) also provides that payment of capital contributions should not be required in connection with any advance commitment by FNMA to purchase a mortgage under its secondary market operations unless the mortgage is actually purchased.

Subsection (c) would add a new sentence to section 304 (a) of the National Housing Act which would provide that advance commitments by FNMA to purchase mortgages under its secondary market operations shall be issued only at prices which are sufficient to facilitate advance planning of home construction, but which are sufficiently below the price then offered by the Association for immediate purchase to prevent excessive sales to the Association pursuant to such commitments.

Subsection (d) would amend section 305 (b) of the National Housing Act to require FNMA to purchase at par all mortgages purchased in its special assistance operations during the period beginning on the date of enactment of the bill and ending June 30, 1957. Prices paid



in its special assistance operations during other periods would be established from time to time by FNMA.

Subsection (e) would amend section 305 (c) of the National Housing Act to increase from \$200 million to \$400 million the limit on the amount of purchases and commitments to purchase which may be made by FNMA in its special assistance operations.

Subsection (f) would amend section 305 (e) of the National Housing Act to make it clear that the FNMA \$5 million advance commitment limit per State in the provision of special assistance to FHA-insured cooperative housing mortgages should be operated as a revolving fund with respect to each State.

Subsection (g) would amend section 305 (f) of the National Housing Act, which authorizes FNMA to make commitments to purchase and to purchase (in its special assistance operations) military-housing mortgages insured by FHA under title VIII of the National Housing Act as amended by the Housing Amendments of 1955 (the new title VIII military-housing program), so as to make it clear that such mortgages insured by FHA under title VIII as amended subsequently to the Housing Amendments of 1955 would also be eligible for advance commitments and purchase by FNMA in its special assistance operations.

Subsection (h) would add to section 305 of the National Housing Act a new subsection which would authorize FNMA to make commitments to purchase and to purchase (in its special assistance operations) FHA section 203 (i) mortgages on low-cost housing in suburban and outlying areas. The total amount of commitments and purchases of such mortgages would be limited to \$50 million outstanding at any one time and \$5 million outstanding at any one time in any State.

Subsections (i) and (j) would make technical amendments in sections 305 (c) and 306 (c) of the National Housing Act, and repeal an obsolete subsection of section 306 of that act.

#### SECTION 302. INVESTMENT OF NATIONAL SERVICE LIFE INSURANCE FUND

This section would authorize the Secretary of the Treasury to invest and reinvest not more than 10 percent of the National Service Life Insurance Fund by purchasing VA guaranteed loans which are secured by property located in areas where private capital is generally available for such loans only at an excessive discount. The price to be paid for the loans could not exceed the unpaid principal balance of the loans, plus accrued interest. A loan could be purchased only from the original mortgagee prior to any other sale of the loan. The authority to purchase the loans would expire July 25, 1957, except for purchases pursuant to agreements to purchase made on or before that date. In case of default on any loan the loan and the security for the loan would be assigned to the Administrator of Veterans' Affairs, who would be required to pay to the National Service Life Insurance Fund the entire unpaid principal balance of the loan plus accrued interest.

FNMA would be directed to act as the agent of the Secretary of the Treasury with respect to the purchase, servicing, and sale of loans under this section. FNMA would be reimbursed for its expenses by the Secretary from the income derived from the loans. Reimbursement would be limited to an amount, payable from the interest portion of each monthly installment applicable to principal and interest

collected, equal to three-fourths of 1 percent per annum computed on the same principal amount and for the same period as the interest portion of such installment.

#### TITLE IV—SLUM CLEARANCE AND URBAN RENEWAL

##### SECTION 401. SLUM CLEARANCE AND URBAN RENEWAL

Subsections (a) and (d) would amend sections 105 (a) and 110 (b) of the Housing Act of 1949, as amended, to permit the Housing and Home Finance Administrator to make loans or capital grants on the basis of a local plan covering a general urban-renewal area without requiring the local public agency to identify and submit in advance a plan for the redevelopment of a part of the urban-renewal area.

Subsection (b) would amend section 106 (e) of the Housing Act of 1949, as amended, to increase from \$70 million to \$100 million the aggregate amount of capital grant contracts which may be entered into, without regard to the 10-percent limitation on the expenditure of funds in any one State, in States where more than two-thirds of the maximum capital grants permitted has been obligated.

Subsection (c) would add to section 106 of the Housing Act of 1949, as amended, a new subsection authorizing the making of relocation payments to individuals, families, and business concerns displaced by an urban renewal project respecting which a contract for a capital grant has been executed under title I of such act. Such payments would be made by the local public agency involved to cover the reasonable and necessary moving expenses and other losses of property (except goodwill), for which reimbursement or compensation is not otherwise made, incurred by such individuals, families, and business concerns, but only for such expenses and losses as are incurred on or after the date of the enactment of the bill and only in amounts not exceeding \$200 in the case of any individual or family and \$5,000 in the case of any business concern. The capital grant otherwise payable under title I of such act would be increased by the amount of the relocation payments, so that the local public agency would not be required to contribute any part of such payments as a local grant-in-aid. Any contract for a capital grant which was executed before the date of the enactment of the bill could be amended to provide relocation payments for expenses and losses incurred on or after such date.

Subsection (e) would amend section 110 (b) of the Housing Act of 1949, as amended, to provide that an urban renewal plan which includes the construction of a hotel must contain a certification that a survey made by a recognized independent firm indicates that additional hotel facilities are needed in the area and can be built and operated profitably.

##### SECTION 402. DISASTER AREAS

This section would assist in the rehabilitation and rebuilding of disaster areas by providing authority to extend urban renewal assistance in such areas free of certain requirements and limitations which are applicable in normal situations.



Subsection (a) would add a new section 111 to title I of the Housing Act of 1949, as amended. Section 111 would provide that where the local governing body certifies, and the Housing and Home Finance Administrator finds, that an urban renewal area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President has declared under existing law to be a major disaster, the Administrator is authorized to extend urban renewal assistance without regard to a number of requirements contained in title I of such act. These would include the workable program requirement (except that a workable program would be required by some future date determined by the Administrator); the requirement that the urban renewal plan conform to a general plan of the locality; the public hearing requirement; and certain requirements with respect to the predominantly residential character or blighted character of urban renewal areas. Also, since the displacement of families will already, in many instances, have occurred as a result of the major disaster, the relocation requirements would be modified to provide only that the local public agency has presented a plan for the encouragement, to the maximum extent feasible, of dwellings suitable for the needs of families displaced either by the disaster or by redevelopment or rehabilitation activities. In the preparation of the urban renewal plan with respect to a project aided under these new provisions, the local public agency would be required to give due regard to the removal or relocation of dwellings from the site of recurring floods or other recurring catastrophes in the project area.

Subsections (b) and (c) would amend sections 220 and 221 of the National Housing Act which provide special mortgage insurance assistance for the construction and rehabilitation of housing in urban renewal areas and the provision of low-cost housing for families displaced from urban renewal areas. Under the amendments in these subsections the FHA mortgage insurance assistance could be provided without regard to the usual requirement that the community must have a workable program for the prevention and elimination of slums.

Subsection (d) would amend section 701 of the Housing Act of 1954 to permit Federal urban planning grants for a community affected by a major disaster without regard to the fact that the community's population is 25,000 or greater.

#### SECTION 403. URBAN PLANNING AUTHORIZATION

This section would increase the urban planning grant authorization under section 701 of the Housing Act of 1954 from \$5 million to \$10 million.

#### SECTION 404. RESERVE OF PLANNED PUBLIC WORKS

This section would amend section 703 of the Housing Act of 1954 by adding a provision which would authorize advances for public works planning to be made to private educational institutions which are eligible for college housing loans under the provisions of the Housing Act of 1950.

## SECTION 405. ASSISTANCE TO SMALL-BUSINESS CONCERNS DISPLACED FROM URBAN RENEWAL AREAS

Subsection (a) would add to section 207 of the Small Business Act of 1953 a new subsection authorizing the Small Business Administration to make loans to assist small-business concerns which have been displaced from urban renewal areas to meet the expenses arising out of or reasonably related to their relocation in new areas. The expenses for which loans could be made could include uncompensated expenses of acquiring, constructing, and renovating new premises and of acquiring necessary land, equipment, facilities, machinery, supplies, materials, or working capital. The amount of the loans made by the Small Business Administration under these new provisions could not aggregate more than \$25 million outstanding at any one time.

These loans could be made either directly or in cooperation with other lending institutions through agreements to participate on an immediate or deferred basis. They would be made with such security as is available and with due regard for the average earnings of the business in the 5 years preceding displacement. No loan could be made which would make the total amount of loans by the Small Business Administration to the borrower, either directly or through participations, exceed \$250,000. No loan, including renewals and extensions, could be made for a period or periods exceeding 20 years. The interest rate on the Small Business Administration's share of loans made under this section could not exceed 4 percent per annum.

Subsection (b) would provide that the Small Business Administration could make the loans authorized by this section only with respect to small-business concerns displaced from urban renewal areas on or after the date of the enactment of the bill.

Subsection (c) would amend section 204 of the Small Business Act of 1953 to increase the Small Business Administration's authority to borrow from the Treasury by \$25 million in order to provide funds for the loans authorized by this section.

## TITLE V—PUBLIC HOUSING

## SECTION 501. CONTRACTS FOR ANNUAL CONTRIBUTIONS

Subsection (a) would amend section 10 (i) of the United States Housing Act of 1937 to authorize the Public Housing Administration to enter into new contracts for loans and annual contributions after July 31, 1956, for not more than 50,000 additional low-rent public housing units each year for 3 years. PHA could enter into only such new contracts for preliminary loans in respect to the additional housing as would be consistent with the number of dwelling units for which contracts for annual contributions could be entered into under the new section 10 (i). Any balance of the authorization of 45,000 units provided by the Housing amendments of 1955 which is not utilized by July 31, 1956, would also be made available in any succeeding year. The section would provide further that no new contracts for assistance for additional low-rent public housing units in excess of the number authorized thereby could be entered into unless authorized by Congress.

Subsection (b) would repeal a proviso in the Independent Offices Appropriation Act, 1953, which prohibits the commencement of



construction in any 1 year of more than 35,000 units of low-rent public housing.

#### SECTION 502. FARM LABOR CAMPS

This section would add new provisions to section 12 (f) of the United States Housing Act of 1937 to direct the Public Housing Administration to transfer farm-labor camps without monetary consideration to any public housing agency whose area of operation includes such project. A request for a transfer under this provision would have to be made by the local authorities within 18 months after enactment of the bill. The local agency would have to submit a finding and certification (which would be conclusive on PHA) as to the low-rent need for the project and the preferences to be given in occupancy. Such preference would be given first to low-income agricultural workers and their families and, second, to other low-income persons and families.

In the case of farm labor camps in the State of Florida, such transfer could be made to any public housing agency in the State whenever, under the laws of the State, the agency (1) is authorized to acquire and operate the camp, (2) is required, in the event of disposition of the project by sale or otherwise, to use the proceeds thereof and any available accumulated earnings to construct facilities (which shall be subject to the same preferences) for occupancy by low-income agricultural workers and their families in the same area, and (3) is required, so long as it continues to own or operate the project, to have on its managing board one or more members whose principal occupation is farming.

The PHA would be required to reserve to the United States any mineral rights of any nature upon, in, or under the property, including rights of access for mining and saving the minerals. Any farm-labor camps not disposed of or under a contract for disposal pursuant to these provisions within 18 months after the date of their enactment would have to be disposed of by the PHA pursuant to the present provisions of the United States Housing Act of 1937 governing the disposal of real property.

#### SECTION 503. DISPOSITION OF DEFENSE HOUSING

Subsection (a) would transfer 41 temporary defense-housing projects constructed or acquired under the provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, and two Lanham Act war-housing projects, from the Housing and Home Finance Agency to the Department of Defense, effective July 1, 1956. After the transfer of the properties, the provisions of those acts would no longer apply, and the law applicable to similar properties of the Department of Defense would then apply. The Department of Defense would be authorized to use the revenues from such property for its maintenance, operation, improvement, and liquidation, and for related administrative expenses.

Under subsection (b), any housing constructed or acquired under the provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, which is not transferred under the provisions of subsection (a) would be required to be disposed of as expeditiously as possible (but not later than June 30,

1958) to the highest responsible bidder on a competitive bid basis and upon such terms and after such public advertisement as the Housing and Home Finance Administrator may deem in the public interest. However, the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation. Housing disposed of under this subsection would have to be sold for removal from site (unless the local governing body approves on-site use), except that the project numbered IDA-2D1 at Cobalt, Idaho, could be sold only for use on the site.

Subsection (c) would direct the Housing Administrator to convey the Lanham Act Tonomy Hili project (RI-37013) at Newport, R. I., to the housing authority of the city of Newport, and housing projects numbered PA-36011 and PA-36012 to the housing authority of Philadelphia, Pa. These conveyances would be in accordance with the provisions of section 606 of the Lanham Act, except that such authorities could continue to house military personnel in such projects without regard to their income and would be required for a period of 3 years to give a first preference to military personnel in respect of specified numbers of dwelling units in such projects.

Subsection (d) would add a new section 614 to the Lanham Act designed to accelerate the disposition of two classes of permanent war housing. One class consists of housing which is to be sold for removal from the site. The other class consists of projects to be sold onsite which cannot be subdivided in such a manner as to offer for separate sale dwelling structures designed for occupancy by not more than four families. Housing which cannot be so subdivided is now subject to preference provisions of the Lanham Act (section 607 (c)) which give special preference to mutual organizations.

Under subsection (a) of the new section 614 of the Lanham Act, all preference requirements with respect to the onsite sale of the non-divisible projects which the Agency holds on January 1, 1958, would terminate on that date. In the case of projects which are to be disposed of by selling the structures for removal from the site, subsection (a) of such section 614 would eliminate the sales preference requirements effective upon enactment of section 614.

Subsection (b) of the new section 614 would require that any contracts entered into after enactment of the section, for the onsite disposal of nondivisible housing (except contracts entered into under the section) must require that if title does not pass to the purchaser by April 1, 1958, the rights of the purchaser shall terminate and the housing shall be sold under the provisions of the new section. This provision would avoid lengthy delay on the part of purchasers, after signing the sales contract, in completing the sale transaction. A 60-day extension of the April 1, 1958 deadline would be permitted if additional time is necessary to cure defects of title.

All housing sold pursuant to the new section 614 must be disposed of as expeditiously as possible on a competitive basis to the highest responsible bidder, except that the Housing Administrator may reject any bid which he determines to be less than the fair market value of the property and may thereafter dispose of the property by negotiation.



## SECTION 504. TRANSFER OF CERTAIN OTHER FEDERALLY HELD PROPERTY

Subsection (a) would authorize the Housing and Home Finance Administrator to sell the Chinquapin Village housing project VA-44131 in Alexandria, Va., at fair market value, to the city of Alexandria or to the Alexandria Redevelopment and Housing Authority, or to any agency or corporation established or sponsored in the public interest by the city. The sale would be on such other terms and conditions as the Administrator determines and would be required to be made within 6 months after the date of enactment of the bill.

Subsection (b) would authorize and direct the Public Housing Commissioner to sell and convey by quitclaim deed the Techwood Dormitory, situated in Atlanta, Ga., to the Georgia Institute of Technology upon full payment in cash of the purchase price. The purchase price would be the fair market value of the land on the date of the execution of the contract of sale as determined by the Public Housing Commissioner, excluding for purposes of such determination the value of any buildings, furniture, fixtures, and equipment located on the land. If the property is not sold and conveyed to the Institute within 6 months after the date of enactment of the bill, the Public Housing Commissioner would be directed to dispose of it at public sale to the highest competitive bidder.

## SECTION 505. PAYMENTS IN LIEU OF TAXES

This section would direct the Public Housing Commissioner to approve certain payments in lieu of taxes (for project fiscal years ending prior to April 1, 1956) by 10 specified local housing authorities. Because of the expiration of the applicable time limitations, the local authorities cannot now lawfully make these payments.

## TITLE VI—MILITARY HOUSING

## SECTION 601. ARMED SERVICES HOUSING MORTGAGE INSURANCE

Subsection (a) would permit FHA insurance, under the new title VIII military housing program, of mortgages covering housing on Midway Island and in the Canal Zone.

Subsection (b) would continue for an additional 3 years (from September 30, 1956, to September 30, 1959) the title VIII FHA mortgage insurance program for military housing.

Subsection (c) would increase the FHA title VIII mortgage insurance authorization for the new military housing program authorized by the Housing Amendments of 1955 from \$1,363,500,000 to \$2,475,000,000.

Subsection (d) would increase the maximum average family unit cost of a military housing project financed with mortgage insurance under the new title VIII FHA mortgage insurance program from \$13,500 to \$16,500. Under this subsection, a title VIII mortgage could not exceed an average of \$16,500 per family unit, and the replacement cost of the project financed with the mortgage (including the estimated value of any usable utilities within the boundaries of the project where owned by the United States and not provided for out of the proceeds of the mortgage) could not exceed an average of \$16,500 per family unit.

Subsection (e) would amend section 803 (c) of the National Housing Act to authorize the Federal Housing Commissioner to waive the payment of premiums for mortgage insurance under the title VIII military housing program.

Subsections (f), (g), and (h) would make technical amendments in sections 803 of the National Housing Act and 403 of the Housing Amendments of 1955.

Subsection (i) would amend section 405 of the Housing Amendments of 1955 to increase the limit on monthly payments which the Secretary of Defense can make for the payment of principal, interest, and other obligations on title VIII military housing mortgages from \$9 million to \$21 million.

Subsection (j) would amend section 406 of the Housing Amendments of 1955 to require that plans, drawings, and specifications developed for military housing follow the principle of modular measure, so that the housing may be built by conventional construction, onsite fabrication, factory precutting, factory fabrication, or any combination of these construction methods.

Subsection (j) would provide that military housing constructed under the new FHA title VIII mortgage insurance program would be subject to the same maximum limitations on net floor area for each unit as are prescribed for appropriated funds housing in the acts of June 12, 1948, and June 16, 1948 (Public Laws 626 and 653, 80th Cong.).

#### SECTION 602. ACQUISITION OF WHERRY ACT HOUSING

This section would amend section 404 of the Housing Amendments of 1955, which provides for the acquisition of Wherry Act housing by the Secretary of Defense. Wherry Act housing, most of which is presently held by private sponsors, is located at or near military installations and was built with mortgages insured by FHA under the provisions of title VIII of the National Housing Act as in effect prior to the Housing Amendments of 1955.

Subsection (a) of the new section 404 states that it is the intent of the Congress that the military departments shall acquire Wherry Act housing and maintain and operate the projects so acquired, and (if necessary to make the units adequate for assignment to military personnel and their dependents as public quarters) shall alter, improve, rehabilitate, or repair such projects.

Subsection (b) of the new section 404 would direct the Secretary of Defense or his designee to acquire Wherry Act housing (including any land or interest therein, and any personal property and chattels used in connection with the maintenance and operation of the housing) by purchase, donation, or other means of transfer, or by condemnation, and would further direct the Secretary or his designee to alter, improve, rehabilitate, or repair the housing so acquired if deemed necessary. Subsection (b) retains the provisions of present law which authorize the Secretary or his designee to acquire unimproved lands for purposes of the new military housing program under title VIII of the National Housing Act.

Subsection (c) of the new section 404 would establish the formula by which the purchase price would be determined for Wherry Act housing acquired under that section. Such price would be determined



by the Federal Housing Commissioner upon the request and subject to the approval of the Secretary or his designee, and would include (1) the estimated replacement cost of the housing (excluding improvements made with appropriated funds and property not included as security under the mortgage) as of the date of final endorsement for mortgage insurance, or the actual cost (as defined in sec. 227 (c) of the National Housing Act) of the housing if less than the estimated replacement cost, adjusted to current cost levels and reduced by an appropriate allowance for physical depreciation, plus (2) the fair market value of all personal property and chattels which are used in the maintenance and operation of the housing but which are not included as security under the outstanding mortgage. If the housing is held by the Federal Housing Commissioner, the price paid could not exceed the face value of the debentures (plus accrued interest) which the Commissioner issued in acquiring the housing from the sponsor. The Secretary or his designee would assume or purchase subject to the balance due under the insured mortgage as presently required, and would pay or agree to pay (in a lump sum or over a period not exceeding 5 years) the difference between the outstanding principal obligation of the mortgage, plus accrued interest, and the purchase price as established under the formula. However, the amount of the difference to be paid could not exceed \$1,500 per unit. If payment by the Secretary or his designee is made over a period of time, the unpaid principal balance would bear interest at the rate of 4 percent per annum. The Commissioner could waive the adjusted premium charge for mortgage insurance in the case of any project purchased by the Secretary under section 404.

Subsection (d) of the new section 404 would provide for the acquisition of Wherry Act housing by condemnation in any case where the Secretary or his designee has been unable (or is unwilling) to purchase such housing at the price determined under the formula contained in subsection (c). Condemnation proceedings under this subsection would be carried out in accordance with existing law (primarily the acts of August 1, 1888, and February 26, 1931) except that payment of the condemnation award could be made either in a lump sum or over a period not exceeding 5 years; in the latter case the unpaid balance of the award would bear interest at the rate of 4 percent per annum.

Subsection (e) of the new section 404 would permit the occupancy, use, and improvement of housing acquired under that section prior to the approval of title by the Attorney General.

Subsection (f) of the new section 404 would authorize the Secretary or his designee, in the case of housing acquired under that section, to make arrangements with the mortgagee whereby such mortgage will agree to release the reserve for replacement and certain other accrued funds with respect to such housing, in return for the agreement of the Secretary or his designee to carry out the purposes for which such reserve and other funds were accrued.

Subsection (g) of the new section 404 would provide that housing acquired under that section could be either assigned as public quarters to military personnel and their dependents, or leased to military and civilian personnel on terms and conditions deemed by the Secretary or his designee to be in the best interest of the United States and without loss to military personnel of their basic allowance for quarters or

their appropriate allotments. Amounts equal to such quarters allowances and allotments where the housing is assigned as public quarters, and rental charges realized from leases of the housing, would be deposited in the revolving fund created by subsection (h) of the new section.

Subsection (h) of the new section 404 would create a revolving fund to be used by the Secretary or his designee in paying the purchase price of housing and related property acquired under that section, in paying interest, principal, mortgage-insurance premiums, and other obligations (except those for maintenance and repair) with respect to such housing, and in paying for the alteration, improvement, rehabilitation, and repair of such housing. Amounts received from the rental of such housing or its assignment as public quarters, and savings realized in the operation of section 405 of the Housing Amendments of 1955 (which provides for the use of quarters allowances to pay mortgage obligations with respect to new title VIII housing), would be deposited in the revolving fund; and an initial appropriation not exceeding \$50 million is authorized to establish such fund.

#### SECTION 603. TAXES ON CERTAIN LEASEHOLDS

This section would amend section 408 of the housing amendments of 1955 to make it clear that, although nothing in the Federal law should be construed as exempting the sponsor's interest in Wherry Act housing from State and local taxes and assessments, such taxes or assessments may not hereafter exceed the amount of the taxes or assessments regularly imposed on other similar property of similar value minus the amount of (1) any payments in lieu of taxes made by the Federal Government to the local agencies involved with respect to such housing, plus (2) any expenditures made by the Federal Government for utilities and services with respect to such housing. This section would not apply with respect to any taxes or assessments already paid or encumbering the housing or the sponsor's interest therein.

### TITLE VII—MISCELLANEOUS

#### SECTION 701. FARM HOUSING

Section 701 would continue for 5 years the program of loans, contributions and grants for farm housing and farm structures, authorized by title V of the Housing Act of 1949.

Subsection (a) would amend section 511 of the Housing Act of 1949 to provide that the Secretary of Agriculture's borrowings from the Treasury for the provision of funds for farm-housing loans under title V (except sec. 504 (b)) would be limited to \$450 million during the period beginning July 1, 1956, and ending June 30, 1961.

Subsection (b) would authorize the Secretary of Agriculture to make commitments for contributions aggregating not more than \$10 million during the period beginning July 1, 1956, and ending June 30, 1961. The contributions could be made by the Secretary over a 5-year period in the form of credits on a borrower's loans for housing and buildings on potentially adequate farms.

Subsection (c) would authorize appropriations of not more than \$50 million to the Secretary for grants pursuant to section 504 (a) of the



act and for loans pursuant to section 504 (b) of the act during the 5-year period. Section 504 authorizes loans and grants for minor improvements to farm housing and buildings in order to make farm dwellings safe and sanitary and to remove hazards and make buildings safe. Loans and grants can also be made for providing toilet facilities, providing sanitary water supplies, screens, and other similar repairs or improvements.

Subsection (d) would provide that this section of the bill would take effect on July 1, 1956.

#### SECTION 702. COLLEGE HOUSING

This section would increase from \$500 million to \$750 million the limit on borrowings by the Housing Administrator from the Secretary of the Treasury to provide funds for college housing loans.

#### SECTION 703. PUBLIC FACILITY LOANS

This section would amend title II of the housing amendments of 1955, which authorizes loans by the Housing Administrator to States to finance specific public projects. The amendment would permit such loans to be made also to the District of Columbia, Puerto Rico, and the Territories and possessions of the United States.

#### SECTION 704. HOME OWNERS' LOAN ACT OF 1933

This section would amend section 5 (c) of the Home Owners' Loan Act of 1933 by increasing from \$2,500 to \$3,500 the limit on property alteration and improvement loans made by Federal savings and loan associations, where such loans are not FHA insured or VA guaranteed.

#### SECTION 705. FEDERAL HOME LOAN BANK BOARD

This section would direct the Federal Home Loan Bank Board to make a study of methods of improving the service of savings and loan associations, and would nullify Reorganization Plan No. 2 of 1956.

## CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman) :

### NATIONAL HOUSING ACT

#### TITLE I—HOUSING RENOVATION AND MODERNIZATION

\* \* \* \* \*

##### INSURANCE OF FINANCIAL INSTITUTIONS

SEC. 2. (a) The Commissioner is authorized and empowered upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which the Commissioner finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them on and after July 1, 1939, and prior to September 30, [1956] 1958, for the purpose of financing alterations, repairs, and improvements upon or in connection with existing structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, hurricane, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than six months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Commissioner under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after July 1, 1939, exceed 10 per centum of the total amount of such loans, advances of credit, and purchases: *Provided*, That with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on any such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 per centum of such loss. The aggregate amount of all loans, advances of credit, and obligations purchased, exclusive of financing charges, with respect to which insurance may be heretofore or hereafter granted under this section and outstanding at any one time shall not exceed \$1,750,000,000.

After the effective date of the Housing Act of 1954, (i) the Commissioner shall not enter into contracts for insurance pursuant to this



section except with lending institutions which are subject to the inspection and supervision of a governmental agency required by law to make periodic examinations of their books and accounts, and which the Commissioner finds to be qualified by experience or facilities to make and service such loans, advances or purchases, and with such other lending institutions which the Commissioner approves as eligible for insurance pursuant to this section on the basis of their credit and their experience or facilities to make and service such loans, advances or purchases; (ii) only such items as substantially protect or improve the basic livability or utility of properties shall be eligible for financing under this section, and therefore the Commissioner shall from time to time declare ineligible for financing under this section any item, product, alteration, repair, improvement, or class thereof which he determines would not substantially protect or improve the basic livability or utility of such properties, and he may also declare ineligible for financing under this section any item which he determines is especially subject to selling abuses; and (iii) the Commissioner is hereby authorized and directed, by such regulations or procedures as he shall deem advisable, to prevent the use of any financial assistance under this section (1) with respect to new residential structures that have not been completed and occupied for at least six months, or (2) which would, through multiple loans, result in an outstanding aggregate loan balance with respect to the same structure exceeding the dollar amount limitation prescribed in this subsection for the type of loan involved: **[Provided, That this clause (iii) shall not be mandatory with respect to the period of occupancy or completion of new residential structures where such structures have been damaged in a disaster which the President, pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster.]** *Provided, That this clause (iii) may in the discretion of the Commissioner be waived with respect to the period of occupancy or completion of any such new residential structures.*

(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it (1) if the amount of such loan, advance of credit, or purchase **[made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds \$2,500, or for the purpose of financing the construction of new structures exceeds \$3,000]** *exceeds \$3,500*; (2) if such obligation has a maturity in excess of **[three]** *five* years and thirty-two days, except that such maturity limitation shall not apply if such loan, advance of credit, or purchase is for the purpose of financing the construction of a new structure for use in whole or in part for agricultural purposes; or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Commissioner shall prescribe, in order to make credit available for the purposes of this title: *Provided, That any such obligation with respect to which insurance is granted under this section on or after sixty days from the date of the enactment of this proviso shall bear interest, and insurance premium charges, not exceeding*

(A) an amount, with respect to so much of the net proceeds thereof as does not exceed \$1,500, equivalent to \$5 discount per \$100 of original face amount of a one-year note payable in equal monthly installments, plus (B) an amount, with respect to any portion of the net proceeds thereof in excess of \$1,500, equivalent to \$4 discount per \$100 of original face amount of such a note: *Provided further, That the amounts referred to in clauses (A) and (B) of the preceding proviso, when correctly based on tables of calculations issued by the Commissioner or adjusted to eliminate minor errors in computation in accordance with requirements of the Commissioner, shall be deemed to comply with such proviso: Provided further, That insurance may be granted to any such financial institution with respect to any obligation not in excess of **[\$10,000]** \$15,000 nor an average amount of \$2,500 per family unit and having a maturity not in excess of seven years and thirty-two days representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families: *Provided further, That any obligation with respect to which insurance is granted under this section on or after July 1, 1939, may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.**

\* \* \* \* \*

## TITLE II—MORTGAGE INSURANCE

\* \* \* \* \*

### INSURANCE OF MORTGAGOR

SEC. 203. (a) \* \* \*

(b) To be eligible for insurance under this section a mortgage shall—

(1) \* \* \*

(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$20,000 in the case of property upon which there is located a dwelling designed principally (whether or not it may be intended to be rented temporarily for school purposes) for a one- or two-family residence; or \$27,500 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; and not to exceed an amount equal to the sum of (i) 95 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, *unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance*, 90 per centum) of \$9,000 of the appraised value (as of the date the mortgage is accepted for insurance), and (ii) 75 per centum of such value in excess of \$9,000, except that the President may increase such dollar amounts up to not to exceed \$10,000 if, after taking into consideration the general effect of such higher dollar amounts upon conditions in the building industry and upon the national economy, he determines such action to



be in the public interest: *Provided*, That if the mortgagor is not the occupant of the property the principal obligation of the mortgage shall not exceed an amount equal to **[85]** 90 per centum of the amount computed under the foregoing provisions of this paragraph (2): *Provided further*, That the mortgagor shall have paid on account of the property at least 5 per centum (or such larger amount as the Commissioner may determine) of the Commissioner's estimate of the cost of acquisition in cash or its equivalent, *except that with respect to a mortgage executed by a mortgagor who is sixty years of age or older as of the date the mortgage is endorsed for insurance, the mortgagor's payment required by this proviso may be paid by an individual other than the mortgagor under such terms and conditions as the Commissioner may prescribe.*

\* \* \* \* \*

(h) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of **[\$7,000]** \$12,000 and not in excess of 100 per centum of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster.

\* \* \* \* \*

RENTAL HOUSING INSURANCE

Sec. 207. (a) \* \* \*

\* \* \* \* \*

(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

(1) not to exceed \$12,500,000, or, if executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section, not to exceed \$50,000,000;

(2) not to exceed **[80]** 90 per centum of the estimated value of the property or project (when the proposed improvements are completed): *Provided*, That except with respect to a mortgage executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section or a mortgage on a trailer court or park, such mortgage shall not exceed the amount which the Commissioner estimates will be the cost of the completed physical improvements on the property or project exclusive of public utilities and streets and organization and legal expenses: *And provided further*, That the above limitations in this paragraph (2) shall not apply to mortgages on housing in the Terri-

tory of Alaska, or in Guam, but such a mortgage may involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the value of the property or project as such term is used in this paragraph may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest accruing during construction, and other miscellaneous charges incident to construction and approved by the Commissioner): *And provided further*, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals; and

[(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,000 per room (or \$7,200 per family unit if the number of rooms in such property or project is less than four per family unit) or not to exceed \$1,000 per space of \$300,000 per mortgage for trailer courts or parks: *Provided*, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,000 per room to not to exceed \$2,400 per room and the dollar amount limitation of \$7,200 per family unit to not to exceed \$7,500 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design.]

*(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit) or not to exceed \$1,000 per space or \$300,000 per mortgage for trailer courts or parks: Provided, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations per room contained in this paragraph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require.*

[Notwithstanding any of the limitations contained in paragraphs numbered (2) and (3) of this subsection (c), if the number of bedrooms in such property or project is equal to or exceeds two per family unit, and the principal obligation of the mortgage does not exceed \$7,200 per family unit for such part of such property as may be attributable to dwelling use, the mortgage may involve a principal obligation not in excess of 90 per centum of the estimated value of the



property or project (when the proposed improvements are completed).]

The mortgage shall provide for complete amortization by periodic payments within such term as the Commissioner shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed  $4\frac{1}{2}$  per centum per annum on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. No mortgage shall be accepted for insurance under this section or section 210 unless the Commissioner finds that the property or project, with respect to which the mortgage is executed, is economically sound. Such property or project may include eight or more family units and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

\* \* \* \* \*

#### COOPERATIVE HOUSING INSURANCE

SEC. 213. (a) In addition to mortgages insured under section 207 of this title, the Commissioner is authorized to insure mortgages as defined in section 207 (a) of this title (including advances on such mortgages during construction), which cover property held by—

(1) a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporation or to beneficiaries of such trust; [or]

(2) a nonprofit corporation or nonprofit trust organized for the purpose of construction of homes for members of the corporation or for beneficiaries of the trust; or

(3) *a mortgagor, approved by the Commissioner, which (A) has certified to the Commissioner, as a condition of obtaining the insurance of a mortgage under this section, that upon completion of the property or project covered by such mortgage it intends to sell such property or project to a nonprofit corporation or nonprofit trust of the character described in paragraph (1) of this subsection at the actual cost of such property or project as certified pursuant to section 227 of this Act and will faithfully and diligently make and carry out all reasonable efforts to consummate such sale, and (B) shall be regulated or restricted by the Commissioner as to rents, charges, capital structure, rate of return, and methods of operation during any period while it holds the mortgaged property or project; and for such purpose the Commissioner may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulation, such stock or interest to be paid for out of the Housing Fund and to be redeemed by such mortgagor at par upon the sale of such property or project to such nonprofit corporation or nonprofit trust;*

which corporations or trusts referred to in paragraphs (1) and (2) of this subsection are regulated or restricted for the purposes and in

the manner provided in paragraphs numbered (1) and (2) of subsection (b) of section 207 of this title.

(b) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section shall involve a principal obligation in an amount—

(1) not to exceed \$12,500,000, or not to exceed \$25,000,000 if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operations; and

(2) not to exceed, for such part of such property or projects as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided*, That if at least 65 per centum of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed \$2,375 per room (or \$8,550 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 95 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided further*, That as to projects which consist of elevator type structures, and to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design, the Commissioner may, in his discretion, increase the aforesaid dollar amount limitations per room or per family unit (as may be applicable to the particular case) within the following limits: (i) \$2,250 per room to not to exceed \$2,700; (ii) \$2,375 per room to not to exceed \$2,850; (iii) \$8,100 per family unit to not to exceed \$8,400; and (iv) \$8,550 per family unit to not to exceed \$8,900; *except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations per room contained in this paragraph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require: Provided further*, That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 85 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided further*, That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit cooperative ownership housing corporation or trust within two years after the completion of such property or project, the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso: And provided further,



That for the purposes of this section the word "veteran" shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President.

(c) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section shall involve a principal obligation in an amount not to exceed \$12,500,000 and not to exceed the greater of the following amounts:

(1) A sum computed on the basis of a separate mortgage for each single family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203 (b) (2) of this Act if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.

(2) A sum equal to the maximum amount which does not exceed either of the limitations on the amount of the principal obligation of the mortgage prescribed by paragraph numbered (2) of subsection (b) of this section.

(d) Any mortgage insured under this section shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe but not to exceed forty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ per centum per annum, except that individual mortgages insured pursuant to this subsection covering the individual dwellings in the project may bear interest at not to exceed 5 per centum per annum, on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and a mortgage on any project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section may provide that, at any time after the completion of the construction of the project, such mortgage may be replaced, in whole or in part, by individual mortgages covering each individual dwelling in the project in amounts not to exceed the unpaid balance of the blanket mortgage allocable to the individual property. Each such individual mortgage may be insured under this section. Property covered by a mortgage, insured under this section, on a property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section may include eight or more family units and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

(e) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p), of section 207 of this title shall be applicable to mortgages insured under this section except individual mortgages

insured pursuant to subsection (d) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsections (a), (c), (d), (e), (f), (g), and (h) of section 204 shall be applicable.

(f) The Commissioner is authorized, with respect to mortgages insured or to be insured under this section, to furnish technical advice and assistance in the organization of corporations or trusts of the character described in subsection (a) of this section and in the planning, development, construction, and operation of their housing projects.

(g) Nothing in this Act shall be construed to prevent the insurance of a mortgage under this section covering a housing project designed for occupancy by single persons, and dwelling units in such a project shall constitute family units within the meaning of this section.

(h) *In the event that a mortgagor of the character described in paragraph (3) of subsection (a) obtains an insured mortgage loan pursuant to this section and fails to sell the property or project covered by such mortgage to a nonprofit housing corporation or nonprofit housing trust of the character described in paragraph (1) of subsection (a) hereof, such mortgagor shall not thereafter be eligible by reason of such paragraph (3) for insurance of any additional mortgage loans pursuant to this section.*

\* \* \* \* \*

#### GENERAL MORTGAGE INSURANCE AUTHORIZATION

SEC. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time), the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of this Act (except section 2 *and* section 803) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, [1955] 1956, of all insured mortgages (as estimated by the Commissioner based on scheduled amortization payments without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure on that date, and (c) **[\$4,000,000,000] \$3,000,000,000.**

It is the intent and purpose of this section to consolidate and merge all existing mortgage insurance authorizations or existing limitations with respect to any section or title of this Act (except section 2 *and* section 803) into one general insurance authorization to take the place of all existing authorizations or limitations.

\* \* \* \* \*

#### REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

SEC. 220. (a) \* \* \*

\* \* \* \* \*

(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall—

[A] be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed,



or a prior approval granted, pursuant to title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended: *Provided*, That a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and said Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan, and]

(A) *be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed, or a prior approval granted, pursuant to title I of the Housing Act of 1949 before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, or (iii) the area of an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended: Provided, That, in the case of an area within the purview of clause (i) or (ii) of this subparagraph, a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and the Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan: And provided further, That, in the case of an area within the purview of clause (iii) of this subparagraph, an urban renewal plan (as required for projects assisted under such section 111) has been approved for such area by such governing body and by the Administrator, and the Administrator has certified to the Commissioner that such plan conforms to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and that there exist the necessary authority and financial capacity to assure the completion of such urban renewal plan, and*

(B) meet such standards and conditions as the Commissioner shall prescribe to establish the acceptability of such property for mortgage insurance under this section.

\* \* \* \* \*

(3) The mortgage shall involve a principal obligation (including such initial service charges, appraisal, inspection and other fees as the Commissioner shall approve) in an amount—

(A) \* \* \*

(B) (i) not to exceed \$12,500,000, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not to exceed \$50,000,000; and

(ii) not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, *and, if the mortgagor is also the builder as defined by the Commissioner, shall include an allowance for builder's and sponsor's services, profit, and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage*) : *Provided*, That in the case of properties other than new construction, the foregoing limitation upon the amount of the mortgage shall be based upon appraised value rather than upon the Commissioner's estimate of the replacement cost; and

(iii) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit) : *Provided*, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design, except that the Commissioner may, by regulation, increase [the foregoing limits] *any of the foregoing dollar amount limitations per room contained in this paragraph* by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require: *And provided further*, That nothing contained in this paragraph (B) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section.

SEC. 221. (a) This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in relocating families from urban renewal areas and in relocating families to be displaced as the result of governmental action in a community respecting which (1) the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (3) *there is being carried out an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended.*



Mortgage insurance under this section shall be available only in those localities or communities which shall have requested such mortgage insurance to be provided: *Provided*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to the families, referred to above, a preference or priority of opportunity to purchase or rent such dwelling units: *Provided further*, That the total number of dwelling units in properties covered by mortgage insurance under this section in any such community shall not exceed the aggregate number of such dwelling units which the Housing and Home Finance Administrator, from time to time, certifies to the Commissioner to be needed for the relocation of families referred to above and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance authorized by this section: *Provided further*, That, with respect to any community referred to in clause (I) of this subsection, said Administrator shall not certify any dwelling units during any period when, in his opinion, the locality fails to carry out the workable program upon which said Administrator based the certification to the Commissioner that mortgage insurance under this section may be made available in such community: *And provided further*, That with respect to any community referred to in clause (2) *or* (3) of this subsection (but not clause (1) thereof), the number of dwelling units certified by said Administrator shall not exceed the number which he estimates to be needed for the relocation of such displaced families during the period when the project referred to in said clause (2) *or* (3) is being carried out.

\* \* \* \* \*

(d) To be eligible for insurance under this section, a mortgagee shall—

(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed ~~[\$7,600]~~ \$2,000, except that the Commissioner may by regulation increase this amount to not to exceed ~~[\$8,600]~~ \$10,000 in any geographical area where he finds that cost levels so require, and not to exceed ~~[95 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent]~~ the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling designed principally for a single-family residence, less such amount as may be necessary to comply with the succeeding proviso: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least \$200 in cash or its equivalent (which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mort-

gage insurance premium, and other prepaid expenses) : *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure and insuring a mortgage pursuant thereto where the mortgagor is not the owner and occupant and the property is to be built or acquired and repaired or rehabilitated for sale and the insured mortgage financing is required to facilitate the construction or the repair or rehabilitation of the dwelling and provide financing pending the subsequent sale thereof to a qualified owner-occupant, and in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

(3) if executed by a mortgagor which is a private nonprofit corporation or association or other acceptable private nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof *or the Federal Housing Commissioner*, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of \$12,500,000; and not in excess of ~~[\$7,600]~~ \$9,000 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed ~~[\$8,600]~~ \$10,000 in any geographical area where he finds that cost levels so require, and not in excess of ~~[95 per centum of]~~ the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and

(4) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed ~~[thirty]~~ forty years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

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#### BUILDER'S COST CERTIFICATION

SEC. 227. Notwithstanding any other provisions of this Act, no mortgage covering new or rehabilitated multifamily housing shall be insured under this Act unless the mortgagor has agreed (a) to certify,



upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (i) that the approved percentage of actual cost (as those terms are herein defined) equaled or exceeded the proceeds of the mortgage loan or (ii) the amount by which the proceeds of the mortgage loan exceeded such approved percentage of actual cost, as the case may be, and (b) to pay forthwith to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, certified to be in excess of such approved percentage of actual cost. *Upon the Commissioner's approval of the mortgagor's certification as required hereunder, such certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the mortgagor.* As used in this section—

(a) The term “new or rehabilitated multifamily housing” means a project or property approved for mortgage insurance prior to the construction or the repair and rehabilitation involved and covered by a mortgage insured or to be insured (i) under section 207, (ii) under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof *or with respect to any property or project of a mortgagor of the character described in paragraph (3) of subsection (a) thereof*, (iii) under section 220 if the mortgage meets the requirements of paragraph (3) (B) of subsection (d) thereof, (iv) under section 221 if the mortgage meets the requirements of paragraph (3) of subsection (d) thereof, (v) under section 803, or (vi) under sections 903 and 908;

(b) The term “approved percentage” means the percentage figure which, under applicable provisions of this Act, the Commissioner is authorized to apply to his estimate of value or replacement cost, as the case may be, of the property or project in determining the maximum insurable mortgage amount; *except that if the mortgage is to assist the financing of repair or rehabilitation and no part of the proceeds will be used to finance the purchase of the land or structure involved, the approved percentage shall be 100 per centum*; and

(c) The term “actual cost” has the following meaning: (i) in case the mortgage is to assist the financing of new construction, the term means the actual cost to the mortgagor of such construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses, *such allocations of general overhead items as are acceptable to the Commissioner*, and other items of expense approved by the Commissioner, plus (1) a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner, and (2) an amount equal to the Commissioner's estimate of the fair market value of any land (prior to the construction of the improvements built as a part of the project) in the property or project owned by the mortgagor in fee (or, in case the land in the property or project is held by the mortgagor under a leasehold or other interest less than a fee, such amount as the mortgagor paid for the acquisition of such leasehold or other interest but, in no event, in excess of the fair market value of such leasehold or other interest exclusive of the proposed improvements), but excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements, or (ii) in case

the mortgage is to assist the financing of repair or rehabilitation, the term means the actual cost to the mortgagor of such repair or rehabilitation, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, *such allocations of general overhead items as are acceptable to the Commissioner*, and other items of expense approved by the Commissioner, plus (1) a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner, and (2) an additional amount equal to (A) in case the land and improvements are to be acquired by the mortgagor and the purchase price thereof is to be financed with part of the proceeds of the mortgage, the purchase price of such land and improvements prior to such repair or rehabilitation, or (B) in case the land and improvements are owned by the mortgagor subject to an outstanding indebtedness to be refinanced with part of the proceeds of the mortgage, the amount of such outstanding indebtedness [(without reduction by reason of the application of the approved percentage requirements of this section)] secured by such land and improvements, but excluding (for the purposes of this cause (ii)) the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements: *Provided*, That such additional amount under either (A) or (B) of this clause (ii) shall in no event exceed the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation.

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### TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

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#### CREATION OF ASSOCIATION

SEC. 302. (a) \* \* \*

(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any residential or home mortgages (or participations therein) which are insured under this Act, as amended, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944, as amended: *Provided*, That (1) no mortgage may be purchased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; [and] (2) the Association may not purchase any mortgage if [(i)] it is offered by, or covers property held by, a Federal, State, territorial, or municipal instrumentality [or (ii) the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage]; and (3) *the Association may not purchase any mortgage, except a mortgage insured under section 803 or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage.*



## CAPITALIZATION

SEC. 303. (a) \* \* \*

(b) The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions [equal to not less than 3 per centum of the unpaid principal amount of mortgages therein involved in purchases or contracts for purchases between such seller and the Association, or such greater percentages as may from time to time be determined by the Association] *equal to not more than 2 per centum of the unpaid principal amount of mortgages therein involved in purchases or contracts for purchases between such seller and the Association: Provided, That payment of such capital contributions shall not be required in connection with any advance commitment to purchase a mortgage in secondary market operations under section 304 unless such mortgage is actually purchased pursuant to such commitment.* In addition, the Association may impose charges or fees for its services with the objective that all costs and expenses of its operations should be within its income derived from such operations and that such operations should be fully self-supporting. All earnings from the operations of the Association shall annually be transferred to its general surplus account. At any time, funds of the general surplus account may, in the discretion of the board of directors, be transferred to reserves. All dividends shall be charged against the general surplus account. This subsection (b) shall be subject to the exceptions set forth in section 307 of this title.

\* \* \* \* \*

## SECONDARY MARKET OPERATIONS

SEC. 304. (a) To carry out the purposes set forth in paragraph (a) of section 301, the operations of the Association under this section shall be confined, so far as practicable, to mortgages which are deemed by the Association to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors and the Association shall not purchase any mortgage insured or guaranteed prior to the effective date of the Housing Act of 1954. In the interest of assuring sound operation, the prices to be paid by the Association for mortgages purchased in its secondary market operations under this section, should be established, from time to time, at the market price for the particular class of mortgages involved, as determined by the Association. The volume of the Association's purchases and sales, and the establishment of the purchase prices, sale prices, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time, and such determinations should be consistent with the objectives that such purchases and sales should be effected only at such prices and on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting. *Notwithstanding any other provision of this section, advance commitments to purchase mortgages in secondary market operations under this section shall be issued only at prices which are sufficient to facilitate advanced planning of home construction, but*

*which are sufficiently below the price then offered by the Association for immediate purchase to prevent excessive sales to the Association pursuant to such commitments.*

\* \* \* \* \*

[(d) The Association may not purchase participations or make any advance contracts or commitments to purchase mortgages for its operations under this section, except that the Association may, in the discretion of its board of directors, issue a purchase contract (which shall not be assignable or transferable except with the consent of the Association) in an amount not exceeding the amount of the sale of mortgages purchased from the Association, entitling the holder thereof to sell to the Association mortgages in the amount of the contract, upon such terms and conditions as the Association may prescribe.]

*(d) The Association may not purchase participations in its operations under this section.*

#### SPECIAL ASSISTANCE FUNCTIONS

SEC. 305. (a) To carry out the purposes set forth in paragraph (b) of section 301, the President, after taking into account (1) the conditions in the building industry and the national economy and (2) conditions affecting the home mortgage investment market, generally, or affecting various types or classifications of home mortgages, or both, and after determining that such action is in the public interest, may under this section authorize the Association, for such periods of time and to such extent as he shall prescribe, to exercise its powers to make commitments to purchase and to purchase such types, classes, or categories of home mortgages (including participations therein) as he shall determine.

(b) The operations of the Association under this section shall be confined, so far as practicable, to mortgages (including participations) which are deemed by the Association to be of such quality as to meet, substantially and generally, the purchase standards imposed by private institutional mortgage investors but which, at the time of submission of the mortgages to the Association for purchase, are not necessarily readily acceptable to such investors. Subject to the provisions of this section, the prices to be paid by the Association for mortgages purchased in its operations under this section [shall be established from time to time by the Association] *(including mortgages purchased under subsections (e), (f), and (g)) shall be established from time to time by the Association; except that in no event shall the Association enter into a commitment or other contract, during the period beginning on the date of the enactment of the Housing Act of 1956 and ending June 30, 1957, for the purchase of any such mortgage at less than 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items.* The Association shall impose charges or fees for its services under this section with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

(c) The total amount of [purchasers] *purchases* and commitments authorized by the President pursuant to subsection (a) of this section



shall not exceed **[\$200,000,000]** *\$400,000,000* outstanding at any one time: *Provided*, That notwithstanding such limitation, the President, pursuant to subsection (a) of this section, may also authorize the Association to exercise its powers to enter into commitments to purchase immediate participations and to make related deferred participation agreements as hereinafter in this subsection provided, but only to the extent that the total amount of such immediate participation commitments and purchases pursuant thereto (but not including the amount of any related deferred participation agreements or purchases pursuant thereto) shall not in any event exceed \$100,000,000 outstanding at any one time, and any such deferred participation agreements shall be made by the Association only on the basis of a commitment by it to purchase an immediate participation of a 20 per centum undivided interest in each mortgage and a related deferred participation agreement by the Association to purchase the remaining outstanding interest in such mortgage conditional upon the occurrence of such a default as gives rise to the right to foreclose.

(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

(e) Notwithstanding any other provision of this Act, the Association is authorized to enter into advance commitment contracts which do not exceed \$50,000,000 outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 either a commitment to insure or a statement of eligibility; but **[not more than \$5,000,000 of such authorization shall be available for such commitments in any one State]** *such commitments in any one State shall not exceed \$5,000,000 outstanding at any one time.*

(f) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any mortgage (or participation therein) which is insured under title VIII of this Act, as amended **[by the Housing Amendments of 1955]** *on or after August 11, 1955: Provided*, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$200,000,000 outstanding at any one time.

(g) *Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase,*

*service, or sell, any mortgage with respect to which the Federal Housing Commissioner, on or after the date of the enactment of this subsection, shall have issued a commitment to insure pursuant to section 203 (i): Provided, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$50,000,000 outstanding at any one time, and the amount of such purchases and commitments in any State shall not exceed \$5,000,000 outstanding at any one time.*

## MANAGEMENT AND LIQUIDATION FUNCTIONS

SEC. 306. (a) \* \* \*

\* \* \* \* \*

(c) No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 303 (d), which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed \$3,350,000,000: *Provided*, That such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancellation of any commitments to purchase mortgages thereunder, as reflected by the books of the Association, with the objective that the entire aforesaid maximum amount shall be eliminated with the orderly liquidation of all mortgages held under the aforesaid separate accountability: *And provided further*, That nothing in this subsection shall preclude the Association from granting such usual and customary increases in the amounts of outstanding commitments (resulting from increased costs or otherwise) as have theretofore been covered by like increases in commitments granted by the agencies of the Federal Government insuring or guaranteeing the mortgages. There shall be excluded from the total amounts set forth in this subsection [and subsection (e) of this section] the amounts of any mortgages which, subsequent to May 31, 1954, are transferred by law to the Association and held under the aforesaid separate accountability.

\* \* \* \* \*

[(e) Of the \$3,650,000,000 total amount of investments, loans, purchases, and commitments heretofore authorized to be outstanding at any one time under this title III prior to the enactment of the Housing Act of 1954, a total of not to exceed \$300,000,000 shall be applicable as provided in section 305 of this title, and a total of not to exceed \$3,350,000,000 shall be applicable as provided in subsection (c) of this section.]

\* \* \* \* \*



## TITLE VIII—ARMED SERVICES MORTGAGE HOUSING INSURANCE

SEC. 801. As used in this title—

(a) \* \* \*

\* \* \* \* \*

(g) The term "State" includes the several States and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, [and the Virgin Islands] *the Virgin Islands, the Canal Zone, and Midway Island.*

\* \* \* \* \*

SEC. 803. (a) In order to assist in relieving the acute shortage and urgent need for family housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of necessary family housing accommodations for personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title [shall not exceed \$1,363,500,000] (*except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955*) *shall not exceed \$2,475,000,000: And provided further*, That the limitation in section 217 of this Act shall not apply to this title: *And provided further*, That no mortgage shall be insured under this title after September 30, [1956] *1959*, except pursuant to a commitment to insure issued before such date.

(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

(1) \* \* \*

\* \* \* \* \*

(3) The mortgage shall involve a principal obligation in an amount—

(A) not to exceed the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the cost of the property or project as such term is used in this paragraph may include the cost of the land, the physical improvements, and utilities within the boundaries of the property or project);

(B) not to exceed an average of [\$13,500] *\$16,500* per family unit for such part of such property or project as may be attributable to dwelling use: *Provided*, That the replacement cost of the property or project as determined by the Commissioner, including the estimated value of any usable utilities within the boundaries of the property or project where owned by the United States and not provided for out of the proceeds of the mortgage, shall not exceed an average of [\$13,500] *\$16,500* per family unit: and

(C) not to exceed the bid of the eligible [builder] *bidder* of the property or project under section 403 of the Housing Amendments of 1955.

The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe, have a maturity not to exceed twenty-five years, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum of the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to  $1\frac{1}{2}$  per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: *Provided*, That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Commissioner may require, that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. The Commissioner may *wave or* reduce the payment of premiums provided for herein.

\* \* \* \* \*

## HOUSING ACT OF 1949, AS AMENDED

### TITLE I—SLUM CLEARANCE AND URBAN RENEWAL

#### URBAN RENEWAL FUND

SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 102 and 103 hereof shall constitute a fund, to be known as the "Urban Renewal Fund," and shall be available for advances, loans, and capital grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pur-



suant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund.

#### LOCAL RESPONSIBILITIES

SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title, the Administrator shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building, and other local laws, codes and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

(b) In the administration of this title, the Administrator shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or unified metropolitan basis.

(c) No contract shall be entered into for any loan or capital grant under this title, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or 221 of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: *Provided*, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A) (i) of paragraph (1) of section 220 (d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in a community referred to in clause (2) of section 221 (a) of

said Act: *And provided further*, That, notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, (iii) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action in a community and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended, or (iv) to determine that the relocation requirements of section 105 (c) of this title have been met.

(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs, and (2) for the assembly, analysis and reporting of information pertaining to such programs.

#### LOANS

SEC. 102. (a) To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight, or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the Administrator may make temporary and definite loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects. Such loans (outstanding at any one time) shall be in such amounts not exceeding the estimated expenditures to be made by the local public agency as part of the gross project cost, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding, in the case of definitive loans, forty years from the date of the bonds or other obligations evidencing such loans), as may be deemed advisable by the Administrator.

(b) In connection with any project on land which is open or predominantly open, the Administrator may make temporary loans to municipalities or other public bodies for the provision of public buildings or facilities necessary to serve or support the new uses of such land in the project area. Such temporary loans shall be in such amounts not exceeding the expenditures to be made for such purposes, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding ten years from the date of the obligations evidencing such loans), as may be deemed advisable by the Administrator.



(c) Loans made pursuant to subsection (a) or (b) hereof may be made subject to the condition that, if at any time or times or for any period or periods during the life of the loan contract the local public agency can obtain loan funds from sources other than the Federal Government at interest rates lower than provided in the loan contract, it may do so with the consent of the Administrator at such times and for such periods without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the Administrator is authorized to consent to a pledge by the local public agency of the loan contract, and any or all of its rights thereunder, as security for the repayment of the loan funds so obtained from other sources.

(d) The Administrator may make advances of funds to local public agencies for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the project involved. No contract for any such advances of funds for surveys and plans for urban renewal projects which may be assisted under this title shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of such surveys and plans and the submission by the local public agency of an application for such advance of funds.

(e) To obtain funds for loans under this title, the Administrator, on and after July 1, 1949, may, with the approval of the President, issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$25,000,000, which limit on such outstanding amount shall be increased by \$225,000,000 on July 1, 1950, and by further amounts of \$250,000,000 on July 1 in each of the years 1951, 1952, and 1953, respectively: *Provided*, That (subject to the total authorization of not to exceed \$1,000,000,000) such limit, and any such authorized increase therein, may be increased, at any time or times, by additional amounts aggregating not more than \$250,000,000 upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase upon the conditions in the building industry and upon the national economy, that such action is in the public interest.

(f) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate

determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(g) Obligations, including interest thereon, issued by local public agencies for projects assisted pursuant to this title, and income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

#### CAPITAL GRANTS

SEC. 103. (a) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: *Provided*, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title shall not exceed two-thirds of the aggregate of the net project costs of such projects, and the capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.

(b) The Administrator, on and after July 1, 1949, may, with the approval of the President, contract to make capital grants, with respect to projects assisted under this title, aggregating not to exceed \$500,000,000, which limit shall be increased by further amounts of \$200,000,000 on July 1 in each of the years 1955 and 1956, respectively: *Provided*, That such limit, and any such authorized increase therein, may be increased, at any time or times, by additional amounts aggregating not more than \$100,000,000 upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase upon the conditions in the building industry and upon the national economy, that such action is in the public interest. The faith of the United States is solemnly pledged to the payment of all capital grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

#### REQUIREMENTS FOR LOCAL GRANTS-IN-AID

SEC. 104. Every contract for capital grant under this title shall require local grants-in-aid in connection with the project involved



which, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, will be at least equal to one-third of the aggregate net project costs involved (it being the purpose of this provision and section 103 to limit the aggregate of the capital grants made by the Administrator with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title to an amount not exceeding two-thirds of the difference between the aggregate of the gross project costs of all such projects and the aggregate of the total sales prices and capital values referred to in section 110 (f) of the property in such projects).

#### LOCAL DETERMINATIONS

SEC. 105. Contracts for loans or capital grants shall be made only with a duly authorized local agency and shall require that—

(a) The urban renewal plan [including any redevelopment plan constituting a part thereof] for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; and (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole;

(b) When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: *Provided*, That clause (ii) of this subsection shall not apply to mortgagees and others who acquire an interest in such property as the result of the enforcement of any lien or claim thereon;

(c) There be a feasible method for the temporary relocation of families displaced from the urban renewed area, and that there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families and reasonably accessible to their places of employment.

(d) No land for any project to be assisted under this title shall be acquired by the local public agency except after public hearing following notice of the date, time, place, and purpose of such hearing.

## GENERAL PROVISIONS

SEC. 106. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law shall—

(1) appoint a Director to administer the provisions of this title under the direction and supervision of the Administrator and the basic rate of compensation of such position shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency;

(2) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended;

(3) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That such financial transactions of the Administrator as the making of advances of funds, loans, or capital grants and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

(b) Funds made available to the Administrator pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for any of the purposes of this title (except for capital grants pursuant to section 103 hereof), and all funds available for carrying out the functions of the Administrator under this title (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administrator in connection with the performance of such functions: *Provided*, That necessary expenses of inspections and audits, and of providing representatives at the site, of projects being planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered nonadministrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the Administrator may utilize any agency and such agency may accept reimbursement or payment for such services from such local public agencies or the Administrator, and credit such amounts to the appropriations or funds against which such charges have been made.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

(1) sue and be sued;

(2) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with



which he has made a loan or capital grant pursuant to this title. In the event of any such acquisition, the Administrator may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, dispose of, and otherwise deal with such project or part thereof: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

(3) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired or owned, and such sums shall approximate the taxes which would be paid upon such property to the State or local taxing authority, as the case may be, if such property were not exempt from taxation;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) obtain insurance against loss in connection with property and other assets held;

(6) subject to the specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment of any installment of principle or interest, security, amount of capital grant, or any other term, of any contract or agreement to which he is a party or which has been transferred to him pursuant to this title;

(7) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions (including such covenants, conditions, or provisions as, in the determination of the Administrator, are necessary or desirable to prevent the payment of excessive prices for the acquisition of land in connection with projects assisted under this title) as he may deem necessary to assure that the purposes of this title will be achieved. No provision of this title shall be construed or administered to permit speculation in land holding; and

(8) make advance or progress payments on account of any capital grant contracted to be made pursuant to this title, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, or any other provisions of this title.

(d) Section 3709, as amended, of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed \$1,000.

(e) Not more than 10 per centum of the funds provided for in this title, either in the form of loans or grants, shall be expended in any one State: *Provided*, That the Administrator, without regard to such limitation, may enter into contracts for capital grants aggregating not to exceed **[\$70,000,000]** \$100,000,000 (subject to the total authorization provided in section 103 (b) of this title) with local public agencies in States where more than two-thirds of the maximum capital grants permitted in the respective State under this subsection has been obligated.

(f) (1) *Notwithstanding any other provision of this title, an urban renewal project respecting which a contract for a capital grant is executed under this title may include the making of relocation payments (as defined in paragraph (2)); and such contract shall provide that the capital grant otherwise payable under this title shall be increased by an amount equal to such relocation payments and that no part of the amount of such relocation payments shall be required to be contributed as part of the local grant-in-aid.*

(2) *As used in this subsection, the term 'relocation payments' means payments by a local public agency, in connection with a project, to individuals, families, and business concerns for their reasonable and necessary moving expenses and any other losses of property except goodwill (which are incurred on and after the date of the enactment of the Housing Act of 1956, and for which reimbursement or compensation is not otherwise made) resulting from their displacement by an urban renewal project included in an urban renewal area respecting which a contract for capital grant has been executed under this title. Such payments shall be made subject to such rules and regulations prescribed by the Administrator as are in effect on the date of execution of the contract for capital grant (or the date on which the contract is amended pursuant to paragraph (3)), and shall not exceed \$200 in the case of an individual or family or \$5,000 in the case of a business concern.*

(3) *Any contract with a local public agency which was executed under this title before the date of the enactment of the Housing Act of 1956 may be amended to provide for payments under this subsection for expenses and losses incurred on or after such date.*

#### PAYMENT FOR LAND USED FOR LOW-RENT PUBLIC HOUSING

SEC. 107. If the land for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, is made available from a project assisted under this title, payment equal to the fair value of the land for the uses specified in accordance with the urban renewal plan shall be made therefor by the public housing agency undertaking the housing project, and such amount shall be included as part of the development cost of the low-rent housing project.

#### SURPLUS FEDERAL REAL PROPERTY

SEC. 108. The President may at any time in his discretion, transfer, or cause to be transferred, to the Administrator any right, title, or interest held by the Federal Government or any department or agency thereof in any land (including buildings thereon) which is surplus to the needs of the Government and which a local public agency certifies will be within the area of a project being planned by it. When such land is sold to the local public agency by the Administrator, it shall be sold at a price equal to its fair market value, and the proceeds from such sale shall be covered into the Treasury as miscellaneous receipts.



## PROTECTION OF LABOR STANDARDS

SEC. 109. In order to protect labor standards—

(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics, except such laborers or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds made available pursuant to this title; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract; and

(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title.

## DEFINITIONS

SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number :

(a) "Urban renewal area" means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the Administrator approves as appropriate for an urban renewal project.

(b) "Urban renewal plan" means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof; and (2) shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements, and the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (3) shall include, for any part of the urban renewal area proposed to be acquired and redeveloped in accordance with clause (1) of the second sentence of subsection (c) of this section, a redevelopment plan approved by the governing body of the locality. *If the plan includes the construction of a hotel, it shall contain a certification that a survey of anticipated profits has been made by a recognized independent firm and that the results of such survey indicate that additional hotel facilities in the area are needed and can be built and operated profitably.*

(c) "Urban renewal projects" or "project" may include undertakings and activities of a local public agency in an urban renewal

area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Where land within the purview of subparagraph (1) (ii) or (1) (iii) hereof (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprises: *Provided*, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed  $2\frac{1}{2}$  per centum of the estimated gross project costs of the projects undertaken under the contracts with such local public agency pursuant to this title. For the purposes of this subsection, "slum clearance and redevelopment" may include (1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated, or deteriorating area shall not be applicable in the case of an open land project: *And provided further*, That financial assistance shall not be extended under this title for any project involving slum clearance and redevelopment of an area which is not clearly predominantly residential in character unless such area is to be redeveloped for predominantly residential uses, except that, where such an area which is not predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety and welfare in the locality involved and such area is not appropriate for redevelopment for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 per centum of the total amount of capital grants authorized by this title; (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan. For the purposes of this subsection "rehabilitation" or "conservation" may include the restoration and renewal of a blighted, deteriorated, or deteriorating area by (1) carrying out plans for a program of volun-



tary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; (2) acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities; (3) installation, construction, or reconstruction, of such improvements as are described in clause (3) of the preceding sentence; and (4) the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with that urban renewal plan.

For the purposes of this title, the term "project" shall not include the construction or improvement of any building, and the term "redevelopment" and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) each grants; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of either the second or third sentence of section 110 (c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing, public facilities financed by special assessments against land in the project area, and revenue producing public utilities the capital cost of which is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: *Provided*, That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 per centum or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portions of the cost of such facility as the Administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: *And provided further*, That for the purpose of computing the amount of local grants-in-aid under this section 110 (d), the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed

at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurances satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him. With respect to any demolition or removal work, improvement or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash.

(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

(g) "Going Federal rate" means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance is approved by the Administrator, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.



(i) "Land" means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable.

(j) "Administrator" means the Housing and Home Finance Administrator.

#### DISASTER AREAS

*Sec. 111. Where the local governing body certifies, and the Administrator finds, that an urban area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster, the Administrator is authorized to extend financial assistance under this title for an urban renewal project with respect to such area without regard to the following:*

(1) *the "workable program" requirement in section 101 (c), except that any contract for temporary loan or capital grant pursuant to this section shall obligate the local public agency to comply with the "workable program" requirement in section 101 (c) by a future date determined to be reasonable by the Administrator and specified in such contract;*

(2) *the requirements in section 105 (a) (iii) and section 110 (b) (1) that the urban renewal plan conform to a general plan of the locality as a whole and to the workable program referred to in section 101 (c);*

(3) *the "relocation" requirements in section 105 (c): Provided, That the Administrator finds that the local public agency has presented a plan for the encouragement, to the maximum extent feasible, of the provision of dwellings suitable for the needs of families displaced by the catastrophe or by redevelopment or rehabilitation activities;*

(4) *the "public hearing" requirement in section 105 (d);*

(5) *the requirements in section 102 and 110 that the urban renewal area be a slum area or a blighted, deteriorated, or deteriorating area; and*

(6) *the requirements in section 110 with respect to the predominantly residential character or predominantly residential re-use of urban renewal areas.*

*In the preparation of the urban renewal plan with respect to a project aided under this section, the local public agency shall give due regard to the removal or relocation of dwellings from the site of recurring floods or other recurring catastrophes in the project area.*

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## TITLE V—FARM HOUSING

\* \* \* \* \*

## LOAN FUNDS

SEC. 511. The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury [in such sums as the Congress may from time to time determine to make loans under this title (other than loans under section 504 (b)) not in excess of \$25,000,000 on and after July 1, 1949, an additional \$50,000,000 on and after July 1, 1950, an additional \$75,000,000 on and after July 1, 1951, an additional \$100,000,000 on and after July 1, 1952, an additional \$100,000,000 on and after July 1, 1953, an additional \$100,000,000 on and after July 1, 1954, and an additional \$100,000,000 on and after July 1, 1955] *for the purpose of making loans under this title (other than loans under section 504 (b)). The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending June 30, 1961, shall not exceed \$450,000,000.* \* \* \*

## CONTRIBUTIONS

SEC. 512. In connection with loans made pursuant to section 503, [the Secretary is authorized, on and after July 1, 1949, to make commitments for contributions aggregating not to exceed \$500,000 per annum and to make additional commitments, on and after July 1 of each of the years 1950, 1951, 1952, 1953, 1954, and 1955, respectively, which shall require additional contributions aggregating not more than \$1,000,000, \$1,500,000, \$2,000,000, \$2,000,000, \$2,000,000, and \$2,000,000 per annum, respectively] *the Secretary is authorized to make commitments for contributions aggregating not to exceed \$10,000,000 during the period beginning July 1, 1956, and ending June 30, 1961.*

SEC. 513. There is authorized to be appropriated to the Secretary (a) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to (i) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503, and (ii) the interest due on a similar sum represented by notes or other obligations issued by the Secretary; [ (b) an additional \$2,000,000 for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) on and after July 1, 1949, which amount shall be increased by further amounts of \$5,000,000, \$8,000,000, \$10,000,000, \$10,000,000, \$10,000,000, and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, 1954, and 1955, respectively; ] *(b) not to exceed \$50,000,000 for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) during the period beginning July 1, 1956, and ending June 30, 1961; and (c) such further sums as may be necessary to enable the Secretary to carry out the provisions of this title.*

\* \* \* \* \*



## SECTION 401 (d) OF THE HOUSING ACT OF 1950

## TITLE IV—HOUSING FOR EDUCATIONAL INSTITUTIONS

SEC. 401. (a) \* \* \*

\* \* \* \* \*

(d) To obtain funds for loans under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed **[\$500,000,000]** *\$750,000,000: Provided, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$100,000,000.*

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## SECTIONS 701 AND 703 OF THE HOUSING ACT OF 1954

TITLE VII—URBAN PLANNING AND RESERVE OF  
PLANNED PUBLIC WORKS

## URBAN PLANNING

SEC. 701. To facilitate urban planning for smaller communities lacking adequate planning resources, the Administrator is authorized to make planning grants to State planning agencies for the provision of planning assistance (including surveys, land use studies, urban renewal plans, technical services and other planning work, but excluding plans for specific public works) to cities and other municipalities having a population of less than 25,000 according to the latest decennial census. The Administrator is further authorized to make planning grants for similar planning work (1) in the metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning; (2) *to cities, other municipalities, and counties having a population of twenty-five thousand or more according to the latest decennial census which have suffered substantial damage as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster; and* (3) *to State planning agencies, to be used for the provision of planning assistance to the cities, other municipalities, and counties referred to in clause (2) hereof.* Any grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made and shall be subject to terms and conditions prescribed by the Administrator to carry out this section. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding **[\$5,000,000]** *\$10,000,000* to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

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## DEFINITIONS

SEC. 703. As used in this title, (1) the term "State" shall mean any State, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States; (2) the term "Administrator" shall mean the Housing and Home Finance Administrator; (3) the term "public works" shall include any public works other than housing; and (4) the term "public agency" or "public agencies" shall mean any State, as herein defined, or any public agency or political subdivision therein, *or any educational institution (as defined in section 404 (b) of the Housing Act of 1950).*

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 HOUSING AMENDMENTS OF 1955

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## TITLE II—PUBLIC FACILITY LOANS

## DECLARATION OF POLICY

SEC. 201. It has been the policy of the Congress to assist wherever possible the States and their political subdivisions to provide the services and facilities essential to the health and welfare of the people of the United States.

The Congress finds that in many instances municipalities, or other political subdivisions of States, which seek to provide essential public works or facilities, are unable to raise the necessary funds at reasonable interest rates.

It is the purpose of this title to authorize the extension of credit to assist in the provision of certain essential public works or facilities by States, municipalities, or other political subdivisions of States, where such credit is not otherwise available on reasonable terms and conditions.

## FEDERAL LOANS

SEC. 202. (a) The Housing and Home Finance Administrator, acting through the Community Facilities Administration, is authorized to purchase the securities and obligations of, or make loans to, States, municipalities and other political subdivisions of States, public agencies, and instrumentalities of one or more States, municipalities and political subdivisions of States, and public corporations, boards, and commissions established under the laws of any State, to finance specific public projects under State or municipal law. No such purchase or loan shall be made for payment of ordinary governmental or non-project operating expenses.

(b) The powers granted in subsection (a) of this section shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended under this section unless the financial assistance applied for is not otherwise available on reasonable terms, and all securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other lending



institutions through agreements to participate or by the purchase of participations or otherwise.

(2) No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of forty years.

(c) In the processing of applications for financial assistance under this section the Administrator shall give priority to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need. As used in this section, a "smaller municipality" means an incorporated or unincorporated town, or other political subdivision of a State, which had a population of less than ten thousand inhabitants at the time of the last Federal census.

#### FINANCING

SEC. 203. (a) In order to finance activities under this title, the Administrator is authorized and empowered to issue to the Secretary of the Treasury, from time to time and to have outstanding at any one time, in an amount not exceeding \$100,000,000, notes and other obligations. Such obligations shall be in such forms and denominations, have such maturities and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(b) Funds borrowed under this section and any proceeds shall constitute a revolving fund which may be used by the Administrator in the exercise of his functions under this title.

#### GENERAL PROVISIONS

SEC. 204. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsection (c) (2), of the Housing Act of 1950. Funds obtained or held by the Administrator in connection with the performance of his functions

under this title shall be available for the administrative expenses of the Administrator in connection with the performance of such functions.

SEC. 205. No loans shall be made under section 108 of the Reconstruction Finance Corporation Liquidation Act (67 Stat. 230), as amended, after the date of enactment of this Act, except pursuant to an application for such loan filed prior to such date.

*Sec. 206. As used in this title, the term "States" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.*

\* \* \* \* \*

## TITLE IV—ARMED SERVICES HOUSING MORTGAGE INSURANCE

SEC. 401. Title VIII of the National Housing Act, as amended, is hereby amended to read as follows:

### "TITLE VIII—ARMED SERVICES HOUSING MORTGAGE INSURANCE

"SEC. 801. As used in this title—

"(a) The term 'mortgage' means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease for a period of not less than fifty years to run from the date the mortgage was executed; and the term 'first mortgage' means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

"(b) The term 'mortgagee' includes the original lender under a mortgage, and his successors and assigns approved by the Commissioner; and the term 'mortgagor' includes the original borrower under a mortgage, his successors and assigns.

"(c) The term 'maturity date' means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

"(d) The term 'housing accommodations' means housing designed for occupancy by military personnel and their dependents, assigned to duty at or near the military installation where such housing units are constructed.

"(e) The term 'personnel' shall include military and civilian personnel approved by the Secretary of Defense, or his designee, and the dependents of all such personnel.

"(f) The term 'military' includes Army, Navy, Marine Corps, Air Force, and Coast Guard.

"(g) The term 'State' includes the several States and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.\*

"SEC. 802. The Military Housing Insurance Fund created by this section prior to amendment thereto shall hereafter be known as the

\*NOTE.—This subsection is amended by section 601 of the bill, as shown on page 90 of this report.



Armed Services Housing Mortgage Insurance Fund. General expenses of operation of the Federal Housing Administration under this title (including operations with respect to mortgages insured or to be insured pursuant to this title prior to enactment of the Housing Amendments of 1955) may be charged to the Armed Services Housing Mortgage Insurance Fund.

"SEC. 803. (a) In order to assist in relieving the acute shortage and urgent need for family housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of necessary family housing accommodations for personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed \$1,363,500,000: *And provided further*, That the limitation in section 217 of this Act shall not apply to this title: *And provided further*, That no mortgage shall be insured under this title after September 30, 1956, except pursuant to a commitment to insure issued before such date.\*

"(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

"(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to capital structure, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed \$100 stock or interest in, any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Armed Services Housing Mortgage Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

"(2) The mortgaged property shall be designed for use for residential purposes by personnel of the armed services and situated at or near a military installation, and the Secretary or his designee shall have certified that there is no intention, so far as can reasonably be foreseen, to substantially curtail the personnel assigned or to be assigned to such installation, and (i) shall have determined that for reasons of safety, security, or other essential military requirements, it is necessary that the personnel involved reside in public quarters (*Provided, however*, That for the purposes of this subsection housing covered by a mortgage insured, or for which a commitment to insure has been issued, under section 803 prior to the enactment of the 'Housing Amendments of 1955' may be considered the same as available quarters), or (ii) after consultation with the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting

\*NOTE.—This paragraph is amended by section 601 of the bill, as shown on page 90 of this report.

distance of the installation. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense, or his designee, shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund from loss with respect to the mortgage covering such housing. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guarantee.

“(3) The mortgage shall involve a principal obligation in an amount—

“(A) not to exceed the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the cost of the property or project as such term is used in this paragraph may include the cost of the land, the physical improvements, and utilities within the boundaries of the property or project);

“(B) not to exceed an average of \$13,500 per family unit for such part of such property or project as may be attributable to dwelling use: *Provided*, That the replacement cost of the property or project as determined by the Commissioner, including the estimated value of any usable utilities within the boundaries of the property or project where owned by the United States and not provided for out of the proceeds of the mortgage, shall not exceed an average of \$13,500 per family unit; and

“(C) not to exceed the bid of the eligible builder of the property or project under section 403 of the Housing Amendments of 1955.

The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe, have a maturity not to exceed twenty-five years, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum of the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.\*

“(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1½ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the

\*NOTE.—This subsection is amended by section 601 of the bill, as shown on page 91 of this report.



Commissioner: *Provided*, That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Commissioner may require, that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. The Commissioner may reduce the payment of premiums provided for herein.\*

“(d) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this title shall be considered a default under such mortgage, and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Commissioner, within a period and in accordance with rules and regulations to be prescribed by the Commissioner of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery, the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided for in subsection (e) of this section, issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount of the mortgage may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default; less the sum of (i) any amount received on account of the mortgage after such date; and (ii) any net income received by the mortgagee from the property after such date.

“(e) Debentures issued under this title shall be in such form and denominations in multiples of \$50, shall be subject to such terms and

\*NOTE.—This subsection is amended by section 601 of the bill, as shown on page 91 of this report.

conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the Armed Services Housing Mortgage Insurance Fund.

“(f) Debentures issued under this title shall be executed in the name of the Armed Services Housing Mortgage Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date of default as determined in accordance with subsection (d) of this section, and shall bear interest from such date at a rate determined by the Commissioner with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semi-annually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States or by the District of Columbia, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Armed Services Housing Mortgage Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the Armed Services Housing Mortgage Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

“(g) The certificate of claim issued by the Commissioner to any mortgagee in connection with the insurance of mortgages under this title shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this Act, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Commissioner and credited to the Armed Services Housing Mortgage Insurance Fund.

“(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property (1) all references in such sections to the ‘Housing Fund’ shall be construed to refer to the ‘Armed Services Housing Mortgage Insurance Fund’, and (2) the reference in section 207 (k) to ‘subsection (g)’ shall be construed to refer to ‘subsection (d)’ of this section.

“(i) The Commissioner shall also have power to insure under this title or title II any mortgage executed in connection with the sale by him of any property acquired under this title without regard to any



limit as to eligibility, time, or aggregate amount contained in this title or title II.

“(j) Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

“SEC. 804. (a) Moneys in the Armed Services Housing Mortgage Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of the Armed Services Housing Mortgage Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

(b) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this title, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Armed Services Housing Mortgage Insurance Fund, shall be credited to the Armed Services Housing Mortgage Insurance Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this title, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this title, shall be charged to the Armed Services Housing Mortgage Insurance Fund.

“SEC. 805. Whenever the Secretary of the Army, Navy, or Air Force determines that it is necessary to lease any land held by the United States on or near a military installation to effectuate the purposes of this title, he may lease such land upon such terms and conditions as will, in his opinion, best serve the national interest. The authority conferred by this section shall be in addition to and not in derogation of any other power or authority of the Secretary of the Army, Navy, or Air Force.

“SEC. 806. The second sentence of section 214 of the National Housing Act, as amended, relating to housing in the Territory of Alaska, shall not apply to mortgages insured under this title on property in said Territory.

“SEC. 807. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Armed Services Housing for Mortgage Insurance, and provide the Special Assistant with adequate staff, whose whole responsibility will be to expedite operations under this

title and to eliminate administrative obstacles to the full utilization of this title under the direction and supervision of the Commissioner.

“SEC. 808. The cost certification required under section 227 of this Act shall not be required with respect to mortgages insured under the provisions of this title as amended by the Housing Amendments of 1955.”

SEC. 402. Section 305 of the National Housing Act, as amended, is amended by adding the following at the end thereof:

“(f) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any mortgage (or participation therein) which is insured under title VIII of this Act, as amended by the Housing Amendments of 1955: *Provided*, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$200,000,000 outstanding at any one time.”

SEC. 403. (a) The Secretary of Defense or his designee is hereby authorized to enter into contracts with any eligible [builder] *bidder* to provide for the construction of urgently needed housing on lands owned or leased by the United States and situated on or near a military reservation or installation for the purpose of providing suitable living accommodations for military personnel of the armed services assigned to duty at the military installation at or in the area where the housing is situated. Any such contract shall provide that each housing unit in the project shall be placed under the control of the Secretary of Defense, or his designee, as soon as the unit is available for occupancy as determined by the Commissioner. Any such contract shall also provide that, except for stock held by the Commissioner, the capital stock of the [builder] *mortgagor* (where the [builder] *mortgagor* is a corporation) be transferred to the Secretary of Defense, or his designee, when the housing has been completed as determined by the Commissioner. Any such contract shall contain such terms and conditions as the Secretary may determine to be necessary to protect the interests of the United States. Before the Secretary shall enter into any contract [with any builder] as authorized by this section for the construction of housing, he shall invite the submission of competitive bids after advertising in the manner prescribed in section 3 of the Armed Services Procurement Act of 1947.

(b) For the purposes of this title, the term “eligible [builder] *bidder*” means a person, partnership, firm, or corporation determined by the Secretary after consultation with the Commissioner (1) to be qualified by experience and financial responsibility to construct housing of the type described in subsection (a) of this section, and (2) to have submitted the lowest acceptable bid.

(c) Notwithstanding any other provision of law, the Secretary of Defense or his designee is authorized to acquire the capital stock of mortgagors holding property covered by a mortgage insured under title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, and to exercise the rights as holder of such capital stock during the life of such mortgage and, upon the termination of the mortgage, to dissolve the corporation; to guarantee the payment of notes or other legal instruments required by the Commissioner of such mortgagors; to make payments thereon; and to guarantee and indemnify the Armed Services Housing Mortgage Insurance



Fund against loss in cases where so required. All housing facilities placed under the control of the Secretary of Defense pursuant to the provisions of this title shall be deemed to be housing facilities under the jurisdiction of the military department to which they are assigned.

**[SEC. 404.** Whenever the Secretary of Defense or his designee shall deem it necessary for the purposes of this title, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any unimproved land, or (with the approval of the Federal Housing Commissioner) any housing financed with mortgages insured under the provisions of title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955. Notwithstanding the provisions of any other law, the price paid for any such unimproved land or housing purchased by the Secretary under this or any other law shall be the fair market value of such land or housing as determined by the Secretary on the basis of an independent appraisal, and, in connection with any agreements to purchase such housing, the Secretary of Defense or his designee may assume, or purchase subject to, any such mortgage. Any such condemnation proceedings shall be conducted in accordance with the provisions of the Act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the Secretary, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the courts, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.]

*Sec. 404. (a) It is the intent of the Congress that the military departments, with a view toward meeting military family housing requirements and in the interest of national defense, shall (1) acquire family housing projects constructed under the mortgage insurance provisions of title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955; (2) maintain and operate such projects; and (3) alter, improve, rehabilitate, or repair such projects, if necessary, so that the units therein are made adequate for assignment to military personnel and their dependents as public quarters.*

(b) For the purposes of this title, the Secretary of Defense or his designee shall acquire by purchase, donation, or other means of transfer, or shall cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any land or interest therein together with housing constructed thereon (including all personal property and chattels used in connection with the maintenance and operation of such housing) under the mortgage insurance provisions of title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955; and may, if deemed necessary, alter, improve, rehabilitate, or repair any housing so acquired. For the purposes of this title, the Secretary or his designee may also acquire unimproved lands by purchase, donation, or other means of transfer, or cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire such lands by condemnation.

(c) (1) The determination of the price to be paid for any land or interest in land, together with the housing and any property included under the mortgage as security for the outstanding principal obligation, purchased by the Secretary of Defense or his designee under this section, shall be made by the Commissioner upon the request and subject to the approval of the Secretary or his designee. Notwithstanding the provisions of any other law, such price (subject to paragraphs (2) and (3)) shall be the Commissioner's estimate of the replacement cost of such housing and related property (not including the value of any improvements installed or constructed with appropriated funds) as of the date of final endorsement for mortgage insurance, or the actual cost (as defined in section 227 (c) of the National Housing Act) of such housing and related property if the actual cost is less than the Commissioner's estimate of such replacement cost, adjusted to the current cost level as determined by the Commissioner and reduced by an appropriate allowance for physical depreciation: Provided, That in any case where the Secretary or his designee acquires a project held by the Commissioner, the price paid shall not exceed the face value of the debentures (plus accrued interest thereon) which the Commissioner issued in acquiring such project.

(2) The Secretary or his designee shall also acquire all personal property and chattels which are used in connection with the maintenance and operation of such housing but which are not included under the mortgage as security for the outstanding principal obligation, determining and adding the fair market value of such property and chattels to the price established under paragraph (1).

(3) In acquiring any such housing, the Secretary or his designee shall assume or purchase subject to the balance due under the insured note or other evidence of indebtedness secured by the mortgage on such housing in accordance with the terms of such insured note or other evidence of indebtedness, and shall pay or agree to pay (in a lump sum or over a period not exceeding five years) the difference between the outstanding principal obligation thereof, plus accrued interest, and the purchase price as established pursuant to paragraphs (1) and (2); except that in no event shall the amount of the difference so paid or agreed to be paid exceed \$1,500 per unit. Unless such payment is made in a lump sum, the unpaid balance thereof shall bear interest at the rate of 4 per centum per annum. The Commissioner may



*waive the adjusted premium charge in the case of projects purchased by the Secretary or his designee under this section.*

*(d) Condemnation proceedings instituted pursuant to this section shall be conducted in accordance with the provisions of the Act of August 1, 1888 (25 Stat. 357; 40 U. S. C., sec. 257), as amended, or any other applicable Federal statute. Before any such condemnation proceedings are instituted, an effort shall be made to purchase the property involved at the price determined under subsection (c) of this section. In any condemnation proceedings instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. In the event that condemnation proceedings are instituted in accordance with procedures under such Act of February 26, 1931, the court shall order that the amount deposited shall be paid in a lump sum or over a period not exceeding five years in accordance with stipulations executed by the parties in the proceedings. In connection with condemnation proceedings which do not utilize the procedures under such Act, the Secretary or his designee, after final judgment of the court, may pay or agree to pay in a lump sum or, in accordance with stipulations executed by the parties to the proceedings, over a period not exceeding five years the difference between the outstanding principal obligation, plus accrued interest, and the price for the property fixed by the court. Unless such payment is made in a lump sum, the unpaid balance thereof shall bear interest at the rate of 4 per centum per annum.*

*(e) Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.*

*(f) The Secretary or his designee may, in the case of any housing acquired or to be acquired under this section, make arrangements with the mortgagee whereby such mortgagee will agree to release and waive all requirements of accruals for reserves for replacement, taxes, and hazard insurance provided for under the corporate charter and indenture agreement with respect to such housing, upon the execution of a written agreement by the Secretary or his designee that the purposes for which such reserves and other funds were accrued will be carried out.*

*(g) Any housing acquired under this section may be (1) assigned as public quarters to military personnel and their dependents; or (2) leased to military and civilian personnel for occupancy by them and their dependents, upon such terms and conditions as will in the judgment of the Secretary of Defense or his designee be in the best interest of the United States, without loss to military personnel of their basic allowance for quarters or appropriate allotments. Amounts equal to the quarters allowances or appropriate allotments of military personnel to whom such housing is assigned as public quarters under clause*

(1), and the rental charges realized under clause (2), shall be deposited in the revolving fund created by subsection (h).

(h) There is hereby created a fund which shall be used by the Secretary of Defense or his designee as a revolving fund for the purpose of paying the purchase price of housing and related property acquired under this section, paying interest, principal, mortgage insurance premiums, and other obligations (except those for maintenance and operation) with respect to such housing, and paying expenses incurred in the alteration, improvement, rehabilitation, and repair of such housing. The amounts and charges referred to in the last sentence of subsection (g) of this section, and any savings realized in the operation of section 405, shall be deposited in such fund. For purposes of the preceding sentence, the term "savings realized in the operation of section 405" means the difference between the amount made available for payments under section 405 and the amount actually used in making such payments. To establish such revolving fund there is authorized to be appropriated a sum not to exceed \$50,000,000.

SEC. 405. The Secretary of Defense or his designee is authorized to maintain and operate any housing acquired under this title and assign quarters therein to military and civilian personnel and their dependents. Appropriations for quarters allowances or appropriate allotments, and rental charges to civilian personnel, may be utilized by the military department concerned for the payment of principal, interest, and other obligations, except those of maintenance and operation, of the mortgagor corporation with respect to such housing projects. Such payments shall not exceed an average of \$90 a month per housing unit and total payments for all housing so acquired shall not exceed **[\$9,000,000]** \$21,000,000 per month: *Provided*, That, in case of the United States Coast Guard, total payments for all housing so acquired shall not exceed \$90,000 per month.

SEC. 406. Whenever the Secretary of Defense or his designee determines that it is desirable in order to effectuate the purposes of this title, the Secretary is authorized, without regard to the civil service and classification laws, to procure, by negotiation or otherwise, the services of architects and engineers, or organizations thereof, under such arrangements as he deems desirable, but at an expense not in excess of that permissible under the schedule of fees allowed from time to time by the Public Housing Administration in connection with projects assisted under the United States Housing Act of 1937, as amended. Such services may include the development of plans, drawings, and specifications for family housing under this title and other services in connection therewith: *Provided*, That such plans, drawings, and specifications may include the use on any project to be constructed under this title of alternate materials or alternate types of construction, including prefabrication, that provide substantially equal value and conform to standards established by the Federal Housing Commissioner: *Provided further*, That such plans, drawings, and specifications shall follow the principle of modular measure, in order that the housing may be built by conventional construction, on-site fabrication, factory pre-cutting, factory fabrication, or any combination of these construction methods: *Provided further*, That the Secretary may designate certain sites or parts thereof for family housing to be furnished from prefabricated houses or housing components. Such ar-



rangements may include provision for advance or progress payments, for payment by third parties, for payment by the Government of any such compensation as is not paid for by third parties, and shall include provision for reimbursement by third parties to the Government of any compensation or other expenses paid by the Government pursuant to this section, and may include other provisions for compensation. Any public works appropriations now or hereafter available to the Departments of the Army, Navy, or Air Force or the Coast Guard may be obligated by the respective departments or the Coast Guard for these purposes. Reimbursements to the Government on account of payments made pursuant to this section shall be made to appropriations against which such payments were charged. The Secretary is further authorized to advance or pay to the Federal Housing Administration its "Appraisal and Eligibility Statement" fees in connection with such family housing. The Secretary is further authorized to enter into arrangements by contract or otherwise for eventual acquisition by the Government, without cost to the Government of all right, title, and interest in sites on which housing is constructed pursuant to this title and improvements thereon.

SEC. 407. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of sections 403 through 406 of this Act.

(b) Any funds heretofore or hereafter authorized to be expended by any of the military departments or the Coast Guard for the payment of allowances for quarters for military personnel may be used for the purposes specified in subsection (a) above.

SEC. 408. Notwithstanding the provisions of section 401 of this Act, the provisions of title VIII of the National Housing Act in effect prior to the enactment of the Housing Amendments of 1955 shall continue in full force and effect with respect to all mortgages insured pursuant to a certification by the Secretary of Defense or his designee made on or before June 30, 1955, and a commitment to insure issued on or before June 30, 1956, or pursuant to a certification by the Atomic Energy Commission or its designee made on or before June 30, 1956, except that the maximum dollar amount for each such mortgage shall be \$12,500,000. *Nothing contained in title VIII of the National Housing Act (as in effect prior to the enactment of the Housing Amendments of 1955) or in any other law shall be construed to exempt from State or local taxes or assessments any right, title, or other interest of a lessee from the Federal Government in or with respect to any real or personal property covered by a mortgage insured under title VIII of the National Housing Act (as in effect prior to the enactment of the Housing Amendments of 1955): Provided, That, notwithstanding this sentence or any other provision or rule of law, if the fee simple or other title to, or remainder interest in, such property is held by the United States, no such taxes or assessments (not heretofore paid or incumbering such property or interest) on the interest of such lessee shall exceed the amount of taxes or assessments on other similar property of similar value minus such amount as the Commissioner determines to be equal to (1) any payments in lieu of taxes made by the Federal Government to the local taxing or other public agencies involved with respect to such property, plus (2) any expenditures made by the Federal Government for streets, utilities, and other services for or with respect to such property.*

SEC. 409. (a) Whenever the term "Secretary of Defense" or "Secretary" or "Secretary of the Army, Navy, or Air Force" appear in this title or in title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, they shall be deemed to mean the Secretary of the Treasury in the case of the application of the provisions of this title or of title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, for the benefit of the United States Coast Guard.

(b) Wherever the term "armed services" appears in this title it shall be deemed to include the United States Coast Guard.

*Sec. 410. In the construction of housing under the authority of this title and title VIII of the National Housing Act, as amended, the maximum limitations on net floor area for each unit shall be the same as the net floor area permanent limitations prescribed in the second, third, and fourth provisos of section 3 of the Act of June 12, 1948 (62 Stat. 375), or in section 3 of the Act of June 16, 1948 (62 Stat. 459), other than the first, second, and third provisos thereof.*

## UNITED STATES HOUSING ACT OF 1937

### DEFINITIONS

\* \* \* \* \*

SEC. 2. When used in this Act—

(1) \* \* \*

(2) The term "families of low income" means families who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. *The term "families" includes (A) a person sixty-five years of age or over, and (B) the remaining member of a tenant family. The term "elderly families" means families the head of which (or his spouse) is sixty-five years of age or over.*

\* \* \* \* \*

### ANNUAL CONTRIBUTIONS IN ASSISTANCE OF LOW RENTALS

SEC. 10. (a) The Authority may make annual contributions to public housing agencies to assist in achieving and maintaining the low-rent character of their housing projects. The annual contributions for any such project shall be fixed in uniform amounts, and shall be paid in such amounts over a fixed period of years. The Authority shall embody the provisions for such annual contributions in a contract guaranteeing their payment over such fixed period. The Authority shall not make any contract for loans (other than preliminary loans) or for annual contributions or for capital grants pursuant to this Act with respect to any low-rent housing project initiated after March 1, 1949, unless the governing body of the locality involved has entered into an agreement with the public housing agency providing that, subsequent to the initiation of the low-rent housing project and within five years after the completion thereof, there has been or will be elimination, by demolition, condemnation, effective closing, or compulsory repair or improvement, of unsafe or insanitary dwelling units



situated in the locality or metropolitan area substantially equal in number to the number of newly constructed dwelling units provided by such project: *Provided, however*, That where more than one family is living in an unsafe or insanitary dwelling unit the elimination of such unit shall count as the elimination of units equal to the number of families accommodated therein: *Provided further*, That such elimination may, in the discretion of the Authority be deferred in any locality or metropolitan area where there is an acute shortage of decent, safe, or sanitary housing available to families of low income: *And provided further*, That this requirement shall not apply in the case of any low-rent housing project located in a rural nonfarm area, or to any low-rent housing project developed on the site of a slum cleared subsequent to the date of enactment of the Housing Act of 1949 and that the dwelling units which had been eliminated by the clearance of the site of such project shall not be counted as elimination for any other low-rent project.

(b) Annual contributions shall be strictly limited to the amounts and periods necessary, in the determination of the Authority, to assure the low-rent character of the housing projects involved. Toward this end the Authority may prescribe regulations fixing the maximum contributions available under different circumstances, giving consideration to cost, location, size, rent-paying ability of prospective tenants or other factors bearing upon the amounts and periods of assistance needed to achieve and maintain low rentals. Such regulations may provide for rates of contribution based upon development, acquisition or administration cost, number of dwelling units, number of persons housed, or other appropriate factors: *Provided*, That the fixed contribution payable annually under any contract shall in no case exceed a sum equal to the annual yield, at the applicable going Federal rate plus 1 per centum, upon the development or acquisition cost of the low-rent housing or slum-clearance project involved.

(c) Every contract for annual contributions shall provide that whenever in any year the receipts of a public housing agency in connection with a low-rent housing project exceed its expenditures (including debt service, administration, maintenance, establishment of reserves, and other costs and charges), an amount equal to such excess shall be applied, or set aside for application to purposes which, in the determination of the Authority, will effect a reduction in the amount of subsequent annual contributions. In no case shall any contract for annual contributions be made for a period exceeding sixty years: *Provided*, That, in the case of projects initiated after March 1, 1949, contracts for annual contributions shall not be made for a period exceeding forty years from the date the first annual contribution for the project is paid: *And provided further*, That, in the case of such projects or any other projects with respect to which the contracts for annual contributions (including contracts which amend or supersede contracts previously made) provide for annual contributions for a period not exceeding forty years from the date the first annual contribution for the project is paid, the fixed contribution may exceed the amount provided in the first proviso of subsection (b) of this section by 1 per centum of development or acquisition cost.

(d) All payments of annual contributions pursuant to this section shall be made out of any funds available to the Authority when such

payments are due, except that its capital and its funds obtained through the issuance of obligations pursuant to section 20 (including repayments or other realizations of the principal of loans made out of such capital and funds) shall not be available for the payment of such annual contributions.

(e) The Authority is authorized, on and after the date of the enactment of this Act, to enter into contracts which provide for annual contributions aggregating not more than \$28,000,000 per annum. With respect to projects assisted pursuant to this Act, the Authority (in addition to the amount authorized by the first sentence of this subsection) is authorized, with the approval of the President, to enter into contracts, on and after July 1, 1949, for annual contributions aggregating not more than \$85,000,000 per annum, which limit shall be increased by further amounts of \$55,000,000 on July 1 in each of the years 1950, 1951, and 1952, respectively, and by \$58,000,000 on July 1, 1953: *Provided*, That (subject to the total additional authorization of not more than \$308,000,000 per annum) such limit, and any such authorized increase therein, may be increased at any time or times by additional amounts aggregating not more than \$55,000,000 upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase upon conditions in the building industry and upon the national economy, that such action is in the public interest: *And provided further*, That 10 per centum of each amount of authorization to enter into contracts for annual contributions becoming available hereunder shall, for a period of three years after such amount of authorization becomes available, be available only for annual contributions contracts with respect to projects to be located in rural nonfarm areas. With respect to projects initiated after March 1, 1949, the Authority may authorize the commencement of construction of not to exceed one hundred and thirty-five thousand dwelling units after July 1, 1949, which limit shall be increased by further amounts of one hundred and thirty-five thousand dwelling units on July 1 in each of the years 1950 through and including 1954, respectively: *Provided*, That (subject to the authorization of not to exceed eight hundred and ten thousand dwelling units) such limit, and any such authorized increase therein, may be increased at any time or times by additional amounts aggregating not more than sixty-five thousand dwelling units, or may be decreased at any time or times by amounts aggregating not more than eighty-five thousand dwelling units, upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase or decrease upon conditions in the building industry and upon the national economy, that such action is in the public interest: *And provided further*, That contracts for annual contributions with respect to low-rent housing projects initiated after March 1, 1949, shall not provide for the commencement of construction of more than eight hundred and ten thousand dwelling units without further authorization from the Congress: *And provided further*, That in no event shall the Authority permit the commencement of construction of more than two hundred thousand dwelling units in any fiscal year. Without further authorization from Congress, no new contracts for annual contributions beyond those herein authorized shall be entered into by the Authority. The faith of the United States is solemnly pledged to the payment of all annual contributions contracted



for pursuant to this section, and there is hereby authorized to be appropriated in each fiscal year, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

(f) Payments under annual contributions contracts shall be pledged, if the Authority so requires, as security for any loans obtained by a public housing agency to assist the development or acquisition of the housing project to which the annual contributions relate.

(g) Every contract made pursuant to this Act for annual contributions for any low-rent housing project shall require that the public housing agency, as among low-income families which are eligible applicants for occupancy in dwellings of given sizes and at specified rents, shall extend the following preferences in the selection of tenants:

First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwelling units, or which were so displaced within three years prior to making application to such public housing agency for admission to any low-rent housing: *Provided*, That as among such projects or actions the public housing agency may from time to time extend a prior preference or preferences: *And provided further*, That, as among families within any such preference group first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected, and third preference shall be given to families of other veterans and servicemen;

Second, to families of other veterans and servicemen and as among such families first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected.

(h) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, but such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 per centum of the annual shelter rents charged in such project or such lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under subsection 15 (7) (b) (i) of this Act, or (iii) is due to failure of a local public body or bodies other than the public housing agency to perform any obligation under such agreement: *Provided*, That, if at the time such agreement for local cooperation is entered into it appears that such 10 per centum payments in lieu of taxes will not result in a contribution to the project through tax exemptions by the State, city, county, or

other political subdivisions in which the project is situated of at least 20 per centum of the annual contributions to be paid by the Authority, the amounts of such payments in lieu of taxes shall be limited by the agreement to amounts, if any, which would not reduce the local contribution below such 20 per centum: *Provided further*, That, with respect to any such project which is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivisions in which such project is situated shall contribute, in the form of cash or tax remission, an amount equal to the greater of (i) the amount by which the taxes paid with respect to the project exceed 10 per centum of the annual shelter rents charged in such project or (ii) 20 per centum of the annual contributions paid by the Authority (but not in excess of the taxes levied): *And provided further*, That, prior to execution of the contract for annual contributions the public housing agency shall, in the case of a tax-exempt project, notify the governing body of the locality of its estimate of the annual amount of such payments in lieu of taxes and of the amount of taxes which would be levied if the property were privately owned, or, in the case where the project is taxed, its estimate of the annual amount of the local cash contribution, and shall therefore include the actual amounts in its annual reports. Contracts for annual contributions entered into prior to the effective date of the Housing Act of 1954 may be amended in accordance with the first sentence of this subsection.

[(i) Notwithstanding any other provisions of law the Authority may enter into new contracts for loans and annual contributions for not more than forty-five thousand additional dwelling units during the period from the date of enactment of the Housing Amendments of 1955<sup>2</sup> through July 31, 1956, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: *Provided*, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress.]

(i) *Notwithstanding any other provision of law (except as hereinafter provided in this section) the Authority may enter into new contracts for loans and annual contributions after July 31, 1956, for not more than fifty thousand additional dwelling units, which amount shall be increased by fifty thousand additional dwelling units on July 1, 1957, and on July 1, 1958, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: Provided, That any balance of the authorization provided by this subsection as amended by section 108 (b) of the Housing Amendments of 1955, not utilized by July 31, 1956, shall be available in any succeeding year: And provided further, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress.*



(j) Every contract made pursuant to this Act for annual contributions for any low-rent housing project for which no such contract has been entered into prior to the enactment of the Housing Act of 1954 shall provide that—

(1) After payment in full of all obligations of the public housing agency in connection with the project for which any annual contributions are pledged, and until the total amount of annual contribution paid by the Authority in respect to such project has been repaid pursuant to the provisions of this subsection (a) all receipts in connection with the project in excess of expenditures necessary for management, operation, maintenance, or financing, and for reasonable reserves therefor, shall be paid annually to the Authority and to local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project, and (b) no debt in respect to the project, except for necessary expenditures for the project, shall be incurred by the public housing agency?

(2) if, at any time, the project or any part thereof is sold, such sale shall be to the highest responsible bidder after advertising, or at fair market value, and the proceeds of such sale together with any reserves, after application to any outstanding debt of the public housing agency in respect to such project, shall be paid to the Authority and local public bodies as provided in clause 1 (a) of this subsection: *Provided*, That the amounts to be paid to the Authority and the local public bodies shall not exceed their respective total contribution to the project.

(k) All expenditures of appropriations for the payment of annual contributions shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended.

(l) In any community where it has been determined by resolution or ordinance, or by referendum, that a project shall be liquidated by sale thereof to private ownership, such community may negotiate with the Federal Government with respect to the sale of the project, and the Authority shall agree that sale of the project may be made after public advertisement to the highest bidder upon (1) payment and retirement of all outstanding obligations (together with any interest payable thereon and any premiums prescribed for the redemption of any bonds, notes, or other obligations prior to maturity) in connection with the project, and (2) payment of any proceeds received from the sale of the project in excess of the amounts required to comply with the requirements of the preceding clause numbered (1) to the Authority and to local public bodies in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project.

*(m) For the purpose of increasing the supply of low-rent housing for elderly families, the Authority may assist the construction of new housing in order to provide accommodations designed specifically for such families, and may, with the approval of the President, after July 1, 1956, without regard to the provisions of any other law, enter into contracts for loans and annual contributions providing for not to exceed ten thousand new dwelling units designed specifically for such families (either as separate projects or as parts of projects), which*

*number shall be increased by ten thousand dwelling units on July 1, 1957, and on July 1, 1958. Such new dwelling units shall be in addition to the dwelling units for which annual contributions contracts are authorized by any other provision of law: Provided, That nothing in this subsection shall be construed to prevent the provision of dwelling units designed for elderly families under other authorizations. The total authorization otherwise provided for annual contributions under this Act shall be increased by \$4,000,000 per annum on July 1, 1956, and by the same amount on July 1, 1957, and on July 1, 1958. In the selection of tenants from among low-income families who are eligible applicants for occupancy in the dwelling units provided for under this subsection, a first preference (which shall be prior to any of the preferences provided in such subsection (g)) shall be extended to elderly families.*

\* \* \* \* \*

#### DISPOSAL OF FEDERAL PROJECTS

#### SEC. 12. (a) \* \* \*

\* \* \* \* \*

(f) There is hereby transferred to the Authority, effective not later than sixty days after the effective date of the Housing Act of 1950, all right, title, and interest, including contractual rights and reversionary interests, held by the Federal Government in and with respect to all labor supply centers, labor homes, labor camps, and facilities held in connection therewith and heretofore administered by the Secretary of Agriculture, for use as low-rent housing projects for families and persons of low income. Such projects when so transferred shall (notwithstanding any other provision of law) be low-rent-housing projects subject to the provisions of this Act, except as otherwise provided in this subsection. Such projects shall be operated for the principal purpose of housing persons engaged in agricultural work, and preference for occupancy in such projects shall be given to agricultural workers and their families; the rents in such projects shall not be higher than the rents which tenants can afford; and the provisions of the second, third, and fourth sentences of subsection 2 (1) of this Act shall not be applicable to such projects. The Authority is authorized to enter into contracts for disposal of said projects by any of the methods provided in this Act, including disposal of any such project to a public housing agency for a consideration consisting of the payment by the public housing agency to the Authority during a term of not less than twenty years of all income therefrom after deduction of the amounts necessary for (i) reasonable and proper costs of management, operation, maintenance, and improvement of such property; (ii) payments in lieu of taxes not in excess of 10 per centum of shelter rents; (iii) establishment and maintenance of reasonable and proper reserves; and (iv) the payment of currently maturing installments of principal and interest on any indebtedness incurred in connection with such project by the public housing agency with the approval of the Authority. Pending sale or lease of said projects to public housing agencies, the Authority may continue present leases and permits, or may enter into new leases with public bodies or nonprofit organizations for the operation of such projects. Pending sale of such projects the



Authority may make any necessary improvements thereto and may pay any deficits incurred in their improvement and administration out of any of the funds available to it under this Act. Appropriations to reimburse the Authority for any amounts expended pursuant to this subsection, in excess of the funds transferred with such projects, are hereby authorized. *Notwithstanding any other provision of law, upon the filing of a request therefor within eighteen months after the date of the enactment of this sentence, the Authority shall relinquish, transfer, and convey, without monetary consideration, all of its rights, title, and interest in and with respect to any such project or any part thereof (including such land as is determined by the Authority to be reasonably necessary to the operation of such project, and including contractual rights to revenues, reserves, and other proceeds therefrom), (1) in the case of any State other than Florida, to any public housing agency whose area of operation includes the project, upon a finding and certification by the public housing agency (which shall be conclusive upon the Authority) that the project is needed to house persons and families of low income and that preference for occupancy in the project will be given first to low-income agricultural workers and their families and second to other low-income persons and their families; and (2) in the case of Florida, to any public housing agency in the State whenever, under the laws of the State, such agency (A) is authorized to acquire and operate such project, (B) is required to give preference for occupancy in such project, first, to low-income agricultural workers and their families, and second, to other low-income persons and their families, (C) is required, in the event of the disposition of such project by sale or otherwise, to use the proceeds thereof and any available accumulated earnings to construct facilities (which shall be subject to the same preferences as those specified in clause (B)) for occupancy by low-income agricultural workers and their families in the same area, and (D) is required, so long as it continues to own or operate such project, to have on its managing board one or more members whose principal occupation is farming. Upon the relinquishment and transfer of any such project it shall cease to be a low-rent project within the meaning of this Act, and the Authority shall have no further jurisdiction over it, except that in any conveyance under the preceding sentence the Authority shall reserve to the United States any mineral rights of any nature whatsoever upon, in, or under the property, including such rights of access to and the use of such parts of the surface of the property as may be necessary for mining and saving the minerals. Any project or part thereof not relinquished and conveyed pursuant to this subsection or under a contract for disposal pursuant to this subsection within eighteen months after the date of the enactment of this sentence shall be disposed of by the Authority pursuant to subsection (e) of section 13 of this Act, notwithstanding the parenthetical clause in such subsection.*

\* \* \* \* \*

SEC. 15. In order to insure that the low-rent character of housing projects will be preserved, and that the other purposes of this Act will be achieved, it is hereby provided that—

(1) \* \* \*

\* \* \* \* \*

(5) Every contract made pursuant to this Act for loans (other than preliminary loans), annual contributions, or capital grants for any low-rent housing project completed after January 1, 1948, shall provide that the cost for construction and equipment of such project (excluding land, demolition, and nondwelling facilities) shall not exceed \$1,750 per room (\$2,500 per room in the case of Alaska) *or \$2,250 in the case of accommodations designed specifically for elderly families: Provided,* That if the Administrator finds that in the geographical area of any project (i) it is not feasible under the aforesaid cost limitations to construct the project without sacrifice of sound standards of construction, design, and livability; and (ii) there is an acute need for such housing, he may prescribe in such contract cost limitations which may exceed by not more than \$750 per room the limitations that would otherwise be applicable to such project hereunder. Every contract made pursuant to this Act for loans (other than preliminary loans), annual contributions, or capital grants with respect to any low-rent housing project initiated after March 1, 1949, shall provide that such project shall be undertaken in such a manner that it will not be of elaborate or extravagant design or materials, and economy will be promoted both in construction and administration. In order to attain the foregoing objective, every such contract shall provide that no award of the main construction contract for such project shall be made unless the Authority, taking into account the level of construction costs prevailing in the locality where such project is to be located, shall have specifically approved the amount of such main construction contract.

\* \* \* \* \*

(8) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that—

(a) \* \* \*

(b) a duly authorized official of the public housing agency involved shall make periodic written statements to the Authority that an investigation has been made of each family admitted to the low-rent housing project involved during the period covered thereby, and that, on the basis of the report of said investigation, he has found that each such family at the time of its admission (i) had a net family income not exceeding the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority) for admission of families of low income to such housing; and (ii) lived in an unsafe, insanitary, or overcrowded dwelling, or was to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of a dwelling unit or units, or actually was without housing, or was about to be without housing as a result of a court order of eviction, due to causes other than the fault of the tenant: *Provided,* That the requirement in (ii) shall not be applicable in the case of the family of any veteran or serviceman (or of any deceased veteran or serviceman) where application for admission to such housing is made not later than March 1, [1959;] 1959, *or in the case of an elderly family;*

\* \* \* \* \*



SEC. 21. (a) \* \* \*  
(d) Not more than 10 per centum of the total annual amount of  
[ \$336,000,000 ] \$348,000,000 provided in this Act for annual contribu-  
tions, nor more than 10 per centum of the amounts provided for in  
this Act for grants, shall be expended within any one State.  
\* \* \* \* \*

INDEPENDENT OFFICES APPROPRIATION ACT, 1953  
TITLE I

\* \* \* \* \*  
PUBLIC HOUSING ADMINISTRATION

Annual contributions: \* \* \* *Provided further*, That notwith-  
standing the provisions of the United States Housing Act of 1937,  
as amended, the Public Housing Administration shall not, with re-  
spect to projects initiated after March 1, 1949, (1) authorize during  
the fiscal year 1953 the commencement of construction of in excess  
of thirty-five thousand dwelling units, [ or (2) after the date of ap-  
proval of this Act, enter into any agreement, contract, or other  
arrangement which will bind the Public Housing Administration with  
respect to loans, annual contributions, or authorizations for com-  
mencement of construction, for dwelling units aggregating in excess  
of thirty-five thousand to be authorized for commencement of con-  
struction during any one fiscal year subsequent to the fiscal year 1953,  
unless a greater number of units is hereafter authorized by the  
Congress ] \* \* \*  
\* \* \* \* \*

TITLE VI OF THE ACT OF OCTOBER 14, 1940 (LANHAM ACT)  
TITLE VI  
HOUSING DISPOSITION

SEC. 601.(a) Upon the filing of a request therefor as herein pre-  
scribed, the Administrator shall (subject to the provisions of this  
section) relinquish and transfer, without monetary consideration, to  
any State or political subdivision thereof, local housing authority,  
local public agency, nonprofit organization, or educational institution,  
all contractual rights (including the right to revenues and other pro-  
ceeds) and all property right, title, and interest of the United States  
in and with respect to (1) any temporary housing located on land  
owned or controlled by such transferee and in which the United  
States has no leasehold or other property interest, and (2) housing  
materials which have been made available to the transferee by the  
Administrator pursuant to section 502 of this Act.  
(b) Upon the filing of a request therefor as herein prescribed, the  
Administrator may (subject to the provisions of this section) relin-  
quish and transfer, without monetary consideration other than that  
specifically required by this subsection, to any State, county, munici-  
pality, or local housing authority, or to any educational institution

where the housing involved is being operated for its student veterans or where the land underlying the housing is in the ownership of two or more educational institutions, or to any other local public agency or nonprofit organization where the housing involved has been made available by the United States to such agency or organization pursuant to section 502 of this Act or where the Administrator determines that the housing involved is urgently needed by parents of persons who served in the armed forces at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President and died of service-connected illness or injury (in which case the preferences in section 601 (d) (1) shall not apply), all right, title, and interest of the United States in and with respect to any temporary housing (excluding commercial facilities which the Administrator determines are suitable for separate disposal and community facilities which the Administrator determines should be disposed of separately) located on land in which the United States has a property interest through ownership, lease, or otherwise, under the following conditions:

(1) If the land is owned by the United States and under the jurisdiction of the Administrator, the transferee shall have purchased such land from the Administrator at a price substantially equal to the cost to the United States of the land (including survey, title examination, and other similar expenses incident to acquisition but excluding the cost or value of all improvements thereto by the United States other than extraordinary fill), or, if the Administrator determines the amount of such cost to be nominal or not readily ascertainable, at a price which the Administrator determines to be fair and reasonable. Payment for such land shall be made in full at the time of sale or in not more than ten equal annual installments (the first of which shall be paid within one year from the date of conveyance) all of which shall be secured as determined by the Administrator with interest from the date of conveyance at the going Federal rate of interest at the time of conveyance.

(2) If the land is owned by the United States and not under the jurisdiction of the Administrator, the transferee shall have purchased such land from the Federal agency having jurisdiction thereof. The Federal agency having jurisdiction of any such land is hereby authorized to sell and convey the same to any such transferee on the terms authorized herein except that the determinations required to be made by the Administrator shall be made by the agency having jurisdiction of such land.

(3) If the United States does not own the land but has an interest therein through lease or otherwise, the transferee shall (i) where it is not the landowner, obtain the right to possession of such land for a term satisfactory to the Administrator, (ii) obtain from the landowner a release (or, if the transferee is the landowner, furnish a release) of the United States from all liability in connection therewith, including any liability for removal of structures or restoration of the land, except for any rental or use payment due at the time of transfer, and (iii) reimburse the United States for the proportionate amount of any



payments made by the United States for the right to use the land and for taxes or payments in lieu of taxes for any period extending beyond the time of the transfer, and (iv) if the interest of the United States is not under the jurisdiction of the Administrator, the transferee shall obtain a transfer or release of the interest of the United States from the Federal agency having jurisdiction, which transfers and releases by such Federal agencies are hereby authorized on such terms as the head of the respective agency determines to be in the public interest.

(c) The filing of a request under subsection (a), (b), (g), or (h) of this section must be made on or before December 31, 1950, unless the Administrator shall, in any specific case, authorize the filing of a request subsequent to such date but on or before June 30, 1951, and, in any such case, the Administrator may extend, for a specified period not beyond December 31, 1951, the time hereinafter prescribed for complying with all conditions to the relinquishment or transfer. Such request shall be in the form of a resolution adopted by the governing body of the applicant, except that, in the case of a State, such request may be in the form of a written request from the governor, and, in the case of a local housing authority (other than the Alaska Housing Authority), or a local public agency organized specifically and solely for the purpose of slum clearance and community redevelopment, shall be accompanied by a resolution of the governing body of the municipality or county approving the request for transfer. Such request shall be accompanied by either (1) a final opinion of the chief law officer or legal counsel of the applicant to the effect that it has legal authority to make the request, to accept the transfer of and operate any property involved, and to perform its obligations under this title, or (2) a preliminary opinion of such officer or counsel concerning the legal authority of the applicant with respect to the proposed relinquishment or transfer including a statement of the reasons for not furnishing the final opinion with the request and the time required to furnish such opinion. If a request has been submitted as herein provided, the applicant shall comply with all conditions to the relinquishment or transfer (including the furnishing of the final legal opinion) on or before June 30, 1951: *Provided*, That, in any case where the applicant is unable to comply with all conditions to the relinquishment or transfer because of the need for the enactment of State legislation or charter amendment, such date shall be June 30, 1952, and may be extended by the Administrator, upon request in a particular case, to December 31, 1952. The Administrator shall act as promptly as practicable on any request which complies with the provisions of this section and is supported as herein required, and shall as promptly as practicable arrange for the making of any survey or the performance of other work necessary to the transfer: *Provided*, That, notwithstanding the provisions of this section, the Administrator may at any time, except with respect to housing for which a request has been or may be submitted under subsection (a) of this section, remove, dispose of, or re-tian any temporary housing, or part thereof, in accordance with any provision of this Act.

(d) No relinquishment or transfer with respect to temporary housing shall be made under this section unless the transferee represents in its request therefor that it proposes, to the extent permitted by law:

(1) As among eligible applicants for occupancy in dwellings of given sizes and at specified rents, to extend the following preferences in the selection of tenants:

First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance or redevelopment project initiated after January 1, 1947, or which were so displaced within three years prior to making application for admission to such housing; and as among such families first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected, and third preference shall be given to families of other veterans and servicemen;

Second, to families of other veterans and servicemen, and as among such families first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected: *Provided*, That if the transferee is an educational institution it may limit such preferences to student veterans and servicemen, and their families, and may, in lieu of such preferences, make available to veterans or servicemen and their families accommodations in any housing of the institution equal in number to the accommodations relinquished or transferred to it: *And provided further*, That, notwithstanding such preferences, if the transferee is a State, political subdivisions, local housing authority, or local public agency, it will, in filling vacancies in housing transferred under subsection 601 (b) hereof, give such preferences to military personnel and persons engaged in national defense or mobilization activities as the Secretary of Defense or his designee prescribes to such transferee.

(2) Not to dispose of any right, title, or interest in the property (by sale, transfer, grant, exchange, mortgage, lease, release, termination of the leasehold, or any other relinquishment of interest) either (i) for housing use on the present site or on any other site except to a State or political subdivision thereof, local housing authority, a local public agency, or an educational or eleemosynary institution, or (ii) for any other use unless the governing body of the municipality or county shall have adopted a resolution determining that, on the basis of local need and acceptability, the structures involved are satisfactory for such use and need not be removed: *Provided*, That this representation will not apply to any disposal through demolition for salvage, lease to tenants for residential occupancy, or lease of nondwelling facilities for the continuance of a use existing on the date of transfer, or where such disposal is the result of a bona fide foreclosure or other proceeding to enforce rights given as security for a loan to pay for land under this section: *And provided further*, That nothing contained in this paragraph shall be construed as applicable to



the disposition of any land or interest therein after the removal of the structures therefrom.

(3) To manage and operate the property involved in accordance with sound business practices, including the establishment of adequate reserves.

(4) Whenever the structures involved, or a substantial portion thereof, are terminated for housing use and are not to be used for a specific nonhousing use, to promptly demolish such structures terminated for housing use and clear the site thereof.

(e) Any relinquishment or transfer by the Administrator under this section shall constitute a waiver of the requirements of section 313 of this Act (and any contractual obligations pursuant thereto) for removing the housing involved if the request for such relinquishment or transfer was made, as authorized herein, by the governing body of the municipality or county, or by the local housing authority, or, in other cases, if, prior to or within six months after the date of the relinquishment or transfer, there is filed with the Administrator a resolution of such governing body specifically approving (1) the unconditional waiver of such requirements or (2) the waiver of such requirements subject to conditions specified in the resolution. Any such conditions shall not affect the waiver of removal requirements hereunder, and the United States shall assume no responsibility for compliance therewith.

(f) In any relinquishment or transfer under this section, the net revenues and other proceeds from such housing to which the United States is entitled on the basis of periodic settlements shall continue to accrue to the United States until the end of the month in which the relinquishment or transfer is made, and the obligation of the transferee to pay such accrued amounts shall not be affected by this section. The Administrator may charge to the transferee the cost to the United States of any survey, title information, or other item incidental to the transfer.

(g) Upon the filing of a request thereof as herein prescribed, the Administrator may (subject to the provisions of this section) relinquish and transfer, without monetary consideration other than payments for land involved as specifically required by subsection (b) hereof, to any local public agency organized specifically and solely for the purpose of slum clearance and community redevelopment in a municipality in which the total number of persons, who on December 31, 1948, were living in temporary family accommodations provided by the United States or any agency thereof since September 8, 1939, exceeded the total population of such municipality as shown by the 1940 census, all right, title, and interest of the United States in and with respect to any temporary housing located in such municipality under the conditions set forth in said subsection (b). Notwithstanding the provisions of subsection (b) of this section, the Administrator shall not relinquish or transfer any right, title, or interest of the United States in and with respect to any temporary housing situated in such a municipality except as set forth in this subsection.

(h) Upon the filing of a request therefor as herein prescribed, the Administrator may (subject to the provisions of this section except the provisions of subsection (d) hereof) relinquish and transfer to any municipality, without monetary consideration other than payment for

the land involved as specifically required by subsection (b) hereof, all right, title, and interest of the United States in and with respect to unoccupied temporary housing of masonry construction located in such municipality: *Provided*, That such housing has been wholly or partially stripped of trim and fixtures prior to the enactment of this title and the municipality adopts a resolution determining that the structures, with proposed improvements, will be suitable for long-term housing use.

SEC. 602. The requirements of section 313 of this Act shall not apply to any temporary housing—

(a) for which such requirements have been waived pursuant to section 505 or section 601 of this Act;

(b) transferred by the Administrator to the jurisdiction of the Department of the Army, the Navy, or the Air Force pursuant to section 4 of this Act;

(c) disposed of by the Administrator under title I or title III of this Act for long-term housing or nonhousing use without any requirement for removal where the governing body of the municipality or county has adopted a resolution determining that, on the basis of local need and acceptability, the structures involved are (1) satisfactory for such long-term use or (2) satisfactory for such long-term use if conditions prescribed in such resolution, affecting the physical characteristics of the project, are met: *Provided*, That any such conditions shall not affect the disposal of any temporary housing hereunder, and the United States shall assume no responsibility for compliance with such conditions: *And provided further*, That any housing disposed of for housing use in accordance with this subsection (c) shall thereafter be deemed to be housing accommodations, the construction of which was completed after June 30, 1947, within the meaning of section 4 of the Housing and Rent Act of 1947, as amended, relating to preference or priority to veterans or their families; or

(d) disposed of or relinquished by the Administrator prior to the enactment of this section subject to such requirements or contractual obligations pursuant thereto, where the governing body of the municipality or county on or before December 31, 1950, adopts a resolution as provided in (c) above; and any contract obligations to the Federal Government for the removal of such housing shall be relinquished upon the filing of such resolution with the Administrator.

SEC. 603. With respect to any housing classified, prior to the enactment of this section, by the Administrator as demountable, the Administrator shall, as soon as practicable but not later in any event than December 31, 1950, and after consultation with the communities affected, redetermine (taking into consideration local standards and conditions) whether such housing is of a temporary or permanent character, and after such redetermination shall dispose of such housing in accordance with the provisions of this title.

SEC. 604. With respect to temporary housing remaining under the jurisdiction of the Administrator on land under his control, the Administrator shall (1) permit vacancies, occurring or continuing after August 15, 1951, to be filled only by transfer of tenants of other accommodations in the same locality being removed as required by this Act;



(2) notify, on or before March 31, 1952, all tenants to vacate the premises prior to July 1, 1952; (3) promptly after July 1, 1952, cause actions to be instituted to evict any tenants still remaining; and (4) remove (by demolition or otherwise) all dwelling structures as soon as practicable after they become vacant: *Provided*, That in any case where a request for relinquishment or transfer has been filed pursuant to section 601 hereof and where under the provisions of section 601 (c) hereof the date for compliance with all conditions to the relinquishment or transfer shall have been extended, each of the foregoing dates shall be extended for a period of time equal to the period of the extension under section 601 (c): *And provided further*, That nothing heretofore in this section shall apply (1) to any temporary housing in any municipality in which the total number of persons, who on December 31, 1948, were living in temporary family accommodations provided by the United States or any agency thereof since September 8, 1939, exceeds 30 per centum of the total population of such municipality as shown by the 1940 census, nor (2) to any temporary housing as to which the local governing body has adopted a resolution as provided in section 602 (c) hereof, nor (3) to any temporary housing for which a request has been submitted in accordance with section 601 (b) of this Act, but which has not been relinquished or transferred solely because the applicant has been unable to obtain from the landowner the right to possession of the land on reasonable terms as determined by the Administrator: *Provided*, That, in filling vacancies in such housing, the preferences set forth in section 601 (d) (1) shall be applicable and that families within such preference classes shall be eligible for admission to such housing, nor (4) to any temporary housing in which accommodations have been reserved, prior to the enactment of this section, for veterans attending an educational institution if (i) such institution certifies that the accommodations are urgently needed for such veterans and submits facts showing, to the satisfaction of the Administrator, that all reasonable efforts have been made by the institution to find other accommodations for them and (ii) such institution agrees to reimburse the Housing and Home Finance Agency for any financial loss to the Agency in the operation of the accommodations after June 30, 1951.

SEC. 605. (a) The Administrator may continue by lease or condemnation any interest less than a fee simple in lands heretofore acquired by the Administrator for national defense or war housing or for veterans housing (whether of permanent or temporary character), or held by any Federal agency in connection therewith, and may acquire, by purchase or condemnation, a fee simple title to or lesser interest in any such lands if the Administrator determines that the acquisition of such fee simple or lesser interest is necessary to protect the Government's investment or to maintain the improvements constructed thereon, or that the cost of fulfilling the Government's obligation to restore the property to its original condition would equal or exceed the cost of acquiring the title thereto.

In any city in which, on March 1, 1953, there were more than ten thousand temporary housing units held by the United States of America, or any two contiguous cities in one of which there were on such date more than ten thousand temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any or all lands in which the Administrator hold a

leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veteran's housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will tend to expedite the orderly disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, and will tend to expedite the transition of the city from a war-affected community containing, as of said date, a large number of temporary houses to a community having additional permanent, well-planned, residential neighborhoods, (2) the local governing body of the city makes a like finding and requests the Administrator to acquire such title to the land, and (3) the city has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: *Provided*, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding four hundred and twenty-five acres of land in the general area in which approximately one thousand five hundred units of temporary housing held by the United States of America were unoccupied on said date: *And provided further*, That funds for such acquisition by the Administrator, which are authorized, pursuant to subsection (c) of this section and title II of the Independent Offices Appropriation Act, 1955, to be expended from the revolving fund established by that title under the heading "Housing and Home Finance Agency Office of the Administrator, revolving fund," shall be taken into consideration, to the extent that they are needed, in making any determination pursuant to the second proviso under that heading. All or any part of any land so acquired by the Administrator may, during the five year period following the date of its acquisition, be sold by the Administrator, through negotiated sale, to such city or any local public agency where (1) the city or local public agency has represented to the Administrator that it is duly authorized under State law to purchase and resell such land, that such land will be made available to private enterprise for development in accordance with local zoning and other laws, and that the aggregate of such land and any other land in the same city previously sold under the authority of this paragraph to the city or a local public agency will be developed for predominantly residential use, and (2) the city or local public agency has agreed to pay the fair market value of the land as determined by the Administrator, after giving consideration, among other relevant information, to the cost to the Federal Government of acquiring the fee simple title and of holding the land pending sale (including estimated amounts to cover legal and overhead expenses of such acquisition and to cover interest costs to the Federal Government of monies invested in the land pending sale). Any such negotiated sale of land to the city or a local public agency shall be made upon terms which require (1) that the city or public agency shall pay in cash at least one third of the price of the land upon its conveyance and the entire price within one year after its conveyance and (2) that any portion of the entire price not paid upon such conveyance shall be represented by an indebtedness which shall bear interest on outstanding balances at a rate of 4 per centum per annum and which



shall be secured by a first mortgage lien upon the land or such portion of the land as the Administrator deems adequate to protect the financial interest of the Federal Government. The Administrator may, at any time that he deems it to be in the public interest to do so, dispose, under authority of other provisions of this Act, of any land acquired by him pursuant to this paragraph. Any land acquired by the Administrator pursuant to this paragraph which has not been disposed of within five years after its acquisition shall be disposed of by him as expeditiously as possible in the public interest in accordance with other authority contained in this Act. Notwithstanding the provisions of section 306 of this Act or any other provisions of law, no payments in lieu of taxes shall be made for any tax year beginning subsequent to the date of the acquisition of title to the property by the Administrator.

(b) In any case in which the Administrator holds, on or after April 1, 1950, an interest in land acquired by the Federal Government for national defense, war housing, or veterans' housing and where (1) the term of such interest (as prescribed in the taking or in the lease or other instruments) is for the "duration of the emergency" or "duration of the war" or "duration of the emergency" or "duration of the war" plus a specific period thereafter, or for some similarly prescribed term, and (2) the rental, award, or other consideration which the Federal Government is obligated to pay or furnish for such interest gives the owner of the land less than an annual return, after payment of real estate taxes, of 6 per centum of the lowest value placed on such land by an independent appraiser, hired by the Government to make such appraisal based on the value of the land before the acquisition of the Government's interest therein, plus 100 per centum of such value, the Administrator shall, upon request of the owner of the land and, notwithstanding any existing contractual or other rights or obligations, increase the amount of future payments for such interest in order to give the owner of the land a return for the Government's use thereof not exceeding the 6 per centum annual return described in (2) of this subsection: *Provided*, That this subsection shall not affect any payment heretofore made or any future payment accepted by an obligee, nor shall this subsection limit the consideration which may be paid for the use of any land beyond the existing term of the Government's interest therein.

(c) Notwithstanding any other provisions of law unless hereafter enacted expressly in limitation hereof, moneys shall be deposited in the reserve account established pursuant to subsection (a) and subsection (b) of section 303 of this Act (which account is hereby continued subject to the limitation as to amount specified in subsection (c) thereof) and all moneys deposited in such reserve account shall be and remain available for any or all of the purposes specified in said subsections (a) or (b) or in this section 605 without regard to the time prescribed in subsection (c) of section 303 with respect to covering moneys in such account into miscellaneous receipts. Moneys in such reserve accounts shall also be available for the payment of necessary expenses (which shall be considered nonadministrative expenses) in connection with administering (1) transfers pursuant to section 601, (2) redeterminations of the temporary or permanent character of demountable housing pursuant to section 603, (3) changes in land tenure and revisions in the consideration payable to landowners pursuant to

subsection 605(a) and 605(b), and (4) transfers of permanent war housing for low-rent use pursuant to section 606. Moneys in such reserve account shall also be available for the purpose of making improvements to, or alterations of, any permanent housing or part thereof if (1) the dwelling structures therein are designed for occupancy by not more than four families and are to be sold separately and (2) such improvement or alteration is requested by the local governing body as a condition to the acceptance of the dedication of streets or utilities or is necessary for compliance with local law or regulation relating to the continued operation or occupancy of the housing by a purchaser.

SEC. 606. (a) The Administrator is hereby specifically authorized to convey the following housing projects to the following local public housing agencies respectively, if—

(1) on or before December 31, 1950, (i) the conveyance is requested by the governing body of the municipality or county and (ii) the public housing agency has demonstrated to the satisfaction of the Administrator that there is a need for low-rent housing (as such term is defined in the United States Housing Act of 1937) within the area of operation of such public housing agency which is not being met by private enterprise;

(2) the Administrator determines that the project requested will meet such need in whole or in part, and is suitable for low-rent housing use; and

(3) on or before June 30, 1951, the governing body of the municipality or county enters into an agreement with the public housing agency (satisfactory to the Public Housing Administration, hereinafter referred to as "Administration"), providing for local cooperation and payments in lieu of taxes not in excess of the amount permitted by subsection (c) (5) of this section, and the public housing agency enters into an agreement with the Administration (in accordance with subsection (c) of this section) for the administration of the project:

<i>State</i>	<i>Project number</i>	<i>Local public housing agency</i>
Alabama	1041	Housing Authority of District of Birmingham
	1061	Housing Authority of Greater Gadsden.
	1062	Housing Authority of Greater Gadsden.
	1031	Housing Board of Mobile.
	1033	Housing Board of Mobile.
	1034	Housing Board of Mobile.
	1035	Housing Board of Mobile.
	1036	Housing Board of Mobile.
	1101	Housing Board of Mobile.
	1102	Housing Board of Mobile.
	1072	Housing Authority of Sylacauga.
	1076	Housing Authority of Sylacauga.
	1073	Housing Authority of City of Talladega.
Arkansas	3023	Housing Authority of City of Conway.
California	4031	Housing Authority of City of Fresno.
	4161	Housing Authority of County of Kern.
	4141	Housing Authority of County of Kern.
	4103	Housing Authority of City of Los Angeles.
	4104	Housing Authority of City of Los Angeles.
	4108	Housing Authority of City of Los Angeles.
	4121	Housing Authority of City of Paso Robles.
	4171	Housing Authority of City of Richmond.
	4174	Housing Authority of City of Richmond.
	6091	Housing Authority of City of Bristol.
Connecticut	6024	Housing Authority of Town of East Hartford.



<i>State</i>	<i>Project number</i>	<i>Local public housing agency</i>
Connecticut	6031	Housing Authority of City of New Britain.
	6032	Housing Authority of City of New Britain.
	6101	Housing Authority of City of New Haven.
	6041	Housing Authority of City of Waterbury.
	6213	Housing Authority of City of Waterbury.
District of Columbia	49012	National Capital Housing Authority.
	49017	National Capital Housing Authority.
	49044	National Capital Housing Authority.
Florida	8052	Housing Authority of City of Jacksonville.
	8121	Housing Authority of City of Lakeland.
	8062	Housing Authority of City of Miami.
	8011	Housing Authority of City of Orlando.
	8082	Housing Authority of City of Pensacola.
	8084	Housing Authority of City of Pensacola.
	8085	Housing Authority of City of Pensacola.
	8131	Housing Authority of City of Sebring.
	8041	Housing Authority of City of West Palm Beach.
Georgia	9071	Housing Authority of City of Albany.
	9061	Housing Authority of Macon.
	9063	Housing Authority of Macon.
	9041	Housing Authority of Savannah.
	9042	Housing Authority of Savannah.
Illinois	9043	Housing Authority of Savannah.
	11081	Madison County Housing Authority.
	11082	Madison County Housing Authority.
	11111	Winnebago County Housing Authority.
	11112	Winnebago County Housing Authority.
Indiana	12071	Housing Authority of City of Fort Wayne.
	12021	Housing Authority of City of South Bend.
Louisiana	16051	Housing Authority of Parish of East Baton Rouge.
Maryland	18095	Housing Authority of Baltimore City.
	18096	Housing Authority of Baltimore City.
	18097	Housing Authority of Baltimore City.
	18098	Housing Authority of Baltimore City.
Massachusetts	19051	Boston Housing Authority.
	19021	Chicopee Housing Authority.
	19022	Chicopee Housing Authority.
	19061	Pittsfield Housing Authority.
	19023	Springfield Housing Authority.
	20042	Housing Commission of Detroit.
Michigan	26021	Housing Authority of City of Las Vegas.
Nevada	27021	Housing Authority of City of Manchester.
New Hampshire	28044	Housing Authority of City of Camden.
New Jersey	28021	Housing Authority of City of Long Branch.
	28072	Housing Authority of City of Newark.
	28111	Housing Authority of Town of Phillipsburg.
	30031	Buffalo Municipal Housing Authority.
	30032	Buffalo Municipal Housing Authority.
	30042	Elmira Housing Authority.
	30033	Lackawanna Municipal Housing Authority.
	30039	Lackawanna Municipal Housing Authority.
	30034	Niagara Falls Housing Authority.
New York	30071	Niagara Falls Housing Authority.
	30082	Massena Housing Authority.
	31023	Housing Authority of City of Wilmington.
	31024	Housing Authority of City of Wilmington.
	33031	Canton Metropolitan Housing Authority.
Ohio	33033	Canton Metropolitan Housing Authority.
	33021	Cincinnati Metropolitan Housing Authority.
	33071	Cleveland Metropolitan Housing Authority.
	33074	Cleveland Metropolitan Housing Authority.
	33075	Cleveland Metropolitan Housing Authority.
	33112	Lorain Metropolitan Housing Authority.
	33261	Lorain Metropolitan Housing Authority.
	33262	Lorain Metropolitan Housing Authority.
	33041	Warren Metropolitan Housing Authority.

<i>State</i>	<i>Project number</i>	<i>Local public housing agency</i>
Ohio	33043	Warren Metropolitan Housing Authority.
Oregon	35021	Housing Authority of Portland.
Pennsylvania	36051	Housing Authority of County of Beaver.
	36058	Housing Authority of County of Beaver.
	36041	Housing Authority of Bethlehem.
	36042	Housing Authority of Bethlehem.
	36044	Housing Authority of Bethlehem.
	36151	Allegheny County Housing Authority.
	36152	Allegheny County Housing Authority.
	36061	Housing Authority of County of Lawrence.
	36021	Housing Authority of City of Erie.
	36031	Housing Authority of County of Lycoming.
	36011	Housing Authority of Philadelphia.
	36012	Housing Authority of Philadelphia.
	36014	Housing Authority of Philadelphia.
	36015	Housing Authority of Philadelphia.
	36016	Housing Authority of Philadelphia.
	36101	Housing Authority of City of Pittsburgh.
	36212	Allegheny County Housing Authority.
	36295	Housing Authority of City of York.
Rhode Island	37013	Housing Authority of City of Newport.
South Carolina	38023	Housing Authority of City of Charleston.
	38061	Housing Authority of City of Charleston.
	38041	Housing Authority of City of Spartanburg.
	38042	Housing Authority of City of Spartanburg.
Tennessee	40022	Jackson Housing Authority.
	40023	Milan Housing Authority.
	40011	Nashville Housing Authority.
	40025	Trenton Housing Authority.
Texas	41064	Housing Authority of City of Corpus Christi.
	41065	Housing Authority of City of Corpus Christi.
	41133	Housing Authority of City of Freeport.
	41031	Housing Authority of City of Houston.
	41131	Housing Authority of City of Lake Jackson.
	41101	Housing Authority of City of Mineral Wells.
	41103	Housing Authority of City of Mineral Wells.
	41072	Housing Authority of City of Orange.
	41032	Housing Authority of City of Pasadena.
	41141	Housing Authority of City of Texarkana.
	41121	Housing Authority of City of Wichita Falls.
Virginia	44131	Alexandria Redevelopment and Housing Authority.
	44132	Alexandria Redevelopment and Housing Authority.
	44133	Alexandria Redevelopment and Housing Authority.
	44135	Alexandria Redevelopment and Housing Authority.
	44136	Alexandria Redevelopment and Housing Authority.
	44065	Newport News Redevelopment and Housing Authority.
	44074	Norfolk Redevelopment and Housing Authority.
	44086	Portsmouth Redevelopment and Housing Authority.
Washington	45043	Housing Authority of City of Bremerton.
	45277N	Housing Authority of County of Clallam.
	45315N	Housing Authority of County of Clallam.
	45133	Housing Authority of County of King.
	45052	Housing Authority of City of Seattle.
	45053	Housing Authority of City of Seattle.
	45054	Housing Authority of City of Seattle.
	45055	Housing Authority of City of Seattle.
	45056	Housing Authority of City of Seattle.
	45122	Housing Authority of City of Vancouver.



In addition to the authority of the Administrator under the first sentence of this subsection, the Administrator is hereby specifically authorized to convey any permanent war housing project to a local public housing agency if requested in writing, within sixty days after the enactment of the Housing Act of 1950, by such agency or the executive head of the municipality (or of the county or parish if such project is not in a municipality) within which the project is located, or by the Governor of the State where an agency of the State has authority to operate the project: *Provided*, That any conveyance by the Administrator pursuant to this sentence shall be subject to the same conditions and requirements as provided in this section with respect to a project specifically designated herein.

(b) Upon the conveyance by the Administrator of any such project pursuant to the provisions of this section, such project shall constitute and be deemed to be "low-rent housing" as that term is used and defined in the United States Housing Act of 1937 (and to be a low-rent housing project assisted pursuant to that Act, within the meaning of subsection 502 (b) of the Housing Act of 1948), except that no capital grant or annual contribution shall be made by the Federal Government with respect to such project. Any instrument of conveyance by the Administrator stating that it is executed under this Act shall be conclusive evidence of compliance therewith insofar as any title or other interest in the property is concerned.

(c) The agreement between the public housing agency and the Administration required by subsection (a) of this section shall contain the following conditions and requirements, and may contain such further conditions, requirements, and provisions as the Administration determines—

(1) during a period of forty years following the conveyance the project shall be administered as low-rent housing in accordance with subsections 2 (1) and 2 (2) of the United States Housing Act of 1937: *Provided*, That if at any time during such period the public housing agency and the Administration agree that the project, or any part thereof, is no longer suitable for use as low-rent housing, the project, or part thereof, shall with the approval of the Administration be sold by the public housing agency after which the agreement shall be deemed to have terminated with respect to such project or part thereof except that the proceeds from such sale, after payment of the reasonable expense thereof, shall be paid to the Administration;

(2) the public housing agency shall, within six months following the conveyance, initiate a program for the removal of all families residing in the project on the date of conveyance who are ineligible under the provisions of the United States Housing Act of 1937 for continued occupancy therein, and shall have required such ineligible tenants to vacate their dwellings within eighteen months after the initiation of such program: *Provided*, That military personnel as designated by the Secretary of Defense or his designee shall not be subject to such removal until eighteen months after the date of conveyance;

(3) annually during the term of such agreement, the public housing agency shall pay to the Administration all income from the project remaining after deducting the amounts necessary (as

determined pursuant to regulations of the Administration) for (i) the payment of reasonable and proper costs of operating, maintaining, and improving such project, (ii) the payments in lieu of taxes authorized hereunder, (iii) the establishment and maintenance of reasonable and proper reserves as approved by the Administration, and (iv) the payment of currently maturing installments of principal of and interest on any indebtedness incurred by such public housing agency with the approval of the Administration;

(4) during the term of such agreement, the project shall be exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions;

(5) for the tax year in which the conveyance is made and the next succeeding tax year annual payments in lieu of taxes may be made to the State, city, county, or other political subdivisions in amounts not in excess of the real property taxes which would be paid to such State, city, county, or other political subdivisions if the project were not exempt from taxation; and thereafter, during the term of such agreement, payments in lieu of taxes with respect to the project may be made in annual amounts which do not exceed 10 per centum of the annual shelter rents charged in such project;

(6) in selecting tenants for such project, the public housing agency shall give such preferences as are prescribed by subsection 10 (g) of the United States Housing Act of 1937, except that for one year after the date of conveyance of a project, the public housing agency shall, to the extent permitted by law, give such preferences, by allocation or otherwise, to military personnel as the Secretary of Defense or his designee prescribes to the public housing agency; and

(7) upon the occurrence of a substantial default in respect to the requirements and conditions to which the public housing agency is subject (as such substantial default shall be defined in such agreement), the public housing agency shall be obligated at the option of the Administration, either to convey title in any case where, in the determination of the Administration (which determination shall be final and conclusive), such conveyance of title is necessary to achieve the purposes of this title and the United States Housing Act of 1937, or to deliver possession to the Administration of the project, as then constituted, to which such agreement relates: *Provided*, That in the event of such conveyance of title or delivery of possession, the Administration may improve and administer such project as low-rent housing, and otherwise deal with such housing or parts thereof, subject, however, to the limitations contained in the applicable provisions of the United States Housing Act of 1937. The Administration shall be obligated to reconvey or to redeliver possession of the project, as constituted at the time of reconveyance or redelivery, to such public housing agency or to its successor (if such public housing agency or a successor exists) upon such terms as shall be prescribed in such agreement and as soon as practicable after the Administration shall be satisfied that all defaults with respect to the project have been cured, and that the project will, in order



to fulfill the purposes of this title and the United States Housing Act of 1937, thereafter be operated in accordance with the terms of such agreement. Any prior conveyances and reconveyances, deliveries and redeliveries of possession shall not exhaust the right to require a conveyance or delivery of possession of the project to the Administration pursuant to this paragraph upon the subsequent occurrence of a substantial default.

(d) At the end of each fiscal year, the total amount of payments during such year to the Administration in accordance with subsection (c) of this section shall be covered into the Treasury as miscellaneous receipts.

SEC. 607. (a) The Administrator shall, subject to the provisions of this section, dispose of permanent war housing, other than housing conveyed pursuant to section 606 of this Act, as promptly as practicable and in the public interest.

(b) Preference in the purchase of any dwelling structure designed for occupancy by not more than four families and offered for separate sale shall be granted to occupants and to veterans over other prospective purchasers for such period as the Administrator may determine and in the following order:

(1) a veteran who occupies a unit in the dwelling structure to be sold and who intends to continue to occupy such unit;

(2) a nonveteran who occupies a unit in the dwelling structure to be sold and who intends to continue to occupy such unit;

(3) a veteran who intends to occupy a unit in the dwelling structure to be sold.

Subject to the above order of preference, the Administrator may establish subordinate preferences for any such dwelling structure. In the disposition of any dwellings under this section which were acquired by the United States from persons occupying the dwellings at the time of such acquisition, the Administrator may, notwithstanding the order of preference provided in this section, grant a first preference to such persons in the purchase of any of these dwellings for such period and under such conditions as he may determine to be appropriate and in the public interest. As used in this section 607 (b), the term "veteran" shall include a veteran, a serviceman, or the family of a veteran or a serviceman, or the family of a deceased veteran or serviceman whose death has been determined by the Veterans' Administration to be service-connected.

(c) In the case of any housing project required by this section to be disposed of, which is not offered for separate sale of separate dwelling structures designed for occupancy by not more than four families, such project may be sold as a whole or in such portions as the Administrator may determine. On such sales of an entire project or portions thereof consisting of more than one dwelling structure or of an individual dwelling structure designed for occupancy by more than four families, first preference shall be given for such period not less than ninety days nor more than six months from the date of the initial offering of such project or portions thereof as the Administrator may determine, to groups of veterans organized on a mutual ownership or cooperative basis (provided that any such group shall accept as a member of its organization, on the same terms, subject to the same conditions, and with the same privileges and responsibilities, required

of, and extended to other members of the group any tenant occupying a dwelling unit in such project, portion thereof or building, at any time during such period as the Administrator shall deem appropriate, starting on the date of the announcement by the Administrator of the availability of such project, portion thereof or building for sale), except that a first preference for said period of not less than ninety days nor more than six months shall be given to any group organized on a mutual or cooperative basis, which, with respect to its proposed purchase of a specific housing project or portions thereof, has, prior to August 1, 1949, been granted an exception by the Administrator from the sales preference provisions of Public Regulations 1 of the Housing and Home Finance Agency and has been designated as a preferred purchaser.

(d) The Administrator shall provide an equitable method of selecting the purchasers to apply when preferred purchasers (or groups of preferred purchasers) in the same preference class or containing members in the same preference class compete with each other.

(e) Any housing disposed of in accordance with this section shall after such disposal be deemed to be housing accommodations the construction of which was completed after June 30, 1947, within the meaning of section 4 of the Housing and Rent Act of 1947, as amended, relating to preferences or priority to veterans of World War II or their families.

(f) Sales pursuant to this section shall be upon such terms as the Administrator shall determine: *Provided*, That full payment to the Government for the property sold shall be required within a period not exceeding twenty-five years with interest on unpaid balances at not less than 4 per centum per annum, except that in the case of projects initially programed as mutual housing communities under the defense housing program, the terms of sale shall not require a down payment and shall provide for full payment to the United States over a period of forty-five years with interest on unpaid balances at not more than 3 per centum per annum.

(g) The Administrator may dispose of any permanent war housing without regard to the preferences in subsections (b) and (c) of this section when he determines that (1) such housing, because of design or lack of amenities, is unsuitable for family dwelling use, or (2) it is being used at the time of disposition for other than dwelling purposes, or (3) it was offered, with preferences substantially similar to those provided in the Housing Act of 1950 (64 Stat. 48), to veterans and occupants prior to enactment of said Act.

SEC. 608. (a) Notwithstanding any other provision of law, any land acquired under this or any other Act in connection with war or veterans' housing, but upon which no dwellings are located at the time of sale, may be sold at fair value, as determined by the Administrator, to any agency organized for slum clearance or to provide subsidized housing for persons of low income.

(b) Notwithstanding any other provision of law, any personal property held under this Act, and not sold with a project or building, may be sold at fair value, as determined by the Administrator, to any agency organized for slum clearance or to provide subsidized housing for persons of low income. Any sale of personal property under this subsection shall be made on a cash basis, payable at the time of settlement.



SEC. 609. Notwithstanding any other provision of law, the Administrator is authorized to convey by quitclaim deed, without consideration, to any State for National Guard purposes any land, together with any nondwelling structures thereon, held under this or any other Act in connection with war or veterans' housing: *Provided*, That the United States shall be saved harmless from or reimbursed for such costs incidental to the conveyance as the Administrator may deem proper: *Provided further*, That the conveyance of such land shall contain the express condition that if the grantee shall fail or cease to use such land for such purposes, or shall alienate (or attempt to alienate) such land, title thereto shall, at the option of the United States, revert to the United States.

SEC. 610. As used in this title, the following terms shall have the meanings ascribed to them below, unless the context clearly indicates otherwise:

(a) The term "governing body of the municipality or county" means the governing body of the city, village, or other municipality having general governmental authority over the area in which the housing involved is located or, if the housing is not located in such a municipality, the term means the governing body of the county or parish in which the housing is located, or if the housing is located in the District of Columbia the term means the Board of Commissioners of said District.

(b) The term "housing" means any housing under the jurisdiction of the Administrator (including trailers and other mobile or portable housing) constructed, acquired, or made available under this Act or Public Law 781, Seventy-sixth Congress, approved September 9, 1940, or Public Laws 9, 73, or 853, Seventy-seventh Congress, approved, respectively, March 1, 1941, May 24, 1941, and December 17, 1941, or any other law, and includes in addition to dwellings any structures, appurtenances, and other property, real or personal, acquired for or held in connection therewith.

(c) The term "temporary housing" means any housing (as defined in (b)) which the Administrator has determined to be "of a temporary character" pursuant to this Act and shall also include any such housing after rights thereto have been relinquished or transferred under this title or section 505 of this Act.

(d) The terms "veteran" and "serviceman" mean "veteran" and "serviceman" as those terms are defined in the United States Housing Act of 1937.

(e) The term "State" means any State, Territory, dependency, or possession of the United States, or the District of Columbia.

(f) The term "going Federal rate of interest" means "going Federal rate" as that term is defined in the United States Housing Act of 1937.

(g) The terms "United States Housing Act of 1937" means the provisions of that Act, including all amendments thereto, now or hereafter adopted, except provisions relating to the initial construction of a project or dwelling units.

SEC. 611. Notwithstanding any other provision of law, the President is authorized to extend, for such period or periods as he shall specify, the time within which any action is required or permitted to be taken by the Administrator or others under the provisions of this title or

section 313 of this Act (or any contract entered into pursuant thereto), upon a determination by him, after considering the needs of national defense and the effect of such extension upon the general housing situation and the national economy, that such extension is in the public interest.

SEC. 612. The Administrator, notwithstanding any other provisions of this or any other law except provisions hereafter enacted expressly in amendment hereof, is authorized to establish income limitations for occupancy of any housing held by him under this Act, and giving consideration to the ability of such tenants to obtain other housing accommodations, to require tenants, admitted to occupancy prior to the establishment of such income limitations and who have incomes in excess of limitations established by him, to vacate such housing.

SEC. 613. Upon a certification by the Secretary of the Interior that any surplus housing, classified by the Administrator as demountable, in the area of San Diego, California, is needed to provide dwelling accommodations for members of a tribe of Indians in Riverside County or San Diego County or Imperial County, California, the Administrator is hereby authorized, notwithstanding any other provision of law, to transfer and convey such housing without consideration to such tribe, the members thereof, or the Secretary of the Interior in trust therefor, as the Secretary may prescribe: *Provided*, That the term housing as used in this section shall not include land.

*Sec. 614. (a) Notwithstanding the provisions of this or any other law, (1) any housing to be sold on site determined by the Administrator to be permanent, located on lands owned by the United States and under the jurisdiction of the Administrator, which is not relinquished, transferred, under contract of sale, sold, or otherwise disposed of by the Administrator under other provisions of this Act or under the provisions of other law by January 1, 1958, except housing which is determined by the Administrator by that date to be suitable for sale in accordance with section 607 (b) of this Act; and (2) any permanent housing to be sold off site which is not relinquished, transferred, under contract of sale, sold, or otherwise disposed of prior to the effective date of this section shall be disposed of, as expeditiously as possible, on a competitive basis to the highest responsible bidder upon such terms and after such public advertisement as the Administrator may deem in the public interest; except that the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation.*

*(b) Notwithstanding the provisions of this or any other law, all contracts entered into after the enactment of the Housing Act of 1956 for the sale, transfer, or other disposal of housing (other than housing subject to the provisions of section 607 (b) of this Act) determined by the Administrator to be permanent, except contracts entered into pursuant to subsection (a) hereof, shall require that if title does not pass to the purchaser by April 1, 1958 (or within sixty days thereafter if such time is necessary to cure defects in title in accordance with the provisions of the contract), the rights of the purchaser shall terminate and thereafter the housing shall be sold under the provisions of subsection (a) hereof. For the purposes of this subsection, title shall be considered to have passed upon the execution of a conditional sales contract.*



*(c) The dates set forth in subsections (a) and (b) of this section shall not be subject to change by virtue of the provisions of section 611 of this Act.*

## SECTIONS 204 (b) AND 207 OF THE SMALL BUSINESS ACT OF 1953

### SEC. 204. (a) \* \* \*

(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of ~~[\$375,000,000]~~ \$400,000,000 outstanding at any one time. For this purpose appropriations not to exceed ~~[\$375,000,000]~~ \$400,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in section 207 (a), (b) (1), (b) (2), ~~[and (b) (3)]~~ (b) (3), and (c). Not to exceed an aggregate of \$150,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed an aggregate of \$125,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (b) (1). Not to exceed an aggregate of \$100,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (b) (2) and (b) (3). *Not to exceed an aggregate of \$25,000,000 shall be used for the purpose stated in section 207 (c).* The Administration shall pay into miscellaneous receipts of the Treasury at the close of each fiscal year, interest on the net amount of the cash disbursements from such advances at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

\* \* \* \* \*

SEC. 207. The Administration is empowered to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however,* That the foregoing powers shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available.

(2) No loan shall be extended pursuant to (a) above if the total amount outstanding and committed (by participation or otherwise) to the borrower from the revolving fund established by this title would exceed \$250,000, and no loan, including renewals or extensions thereof, may be made for a period or periods exceeding ten years, except that any loan made for the purpose of constructing industrial facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction, and any such loan shall bear interest at the rate prevailing in the area where the money loaned is to be used but shall not exceed 6 per centum per annum: *Provided*, That the foregoing limitation of \$250,000 shall not apply to any loan extended to any corporation formed and capitalized by a group of small business concerns with resources provided by them for the purpose of establishing facilities in and through such corporation to produce or secure raw materials or supplies: *Provided further*, That for any such corporation the limit of any loan extended or made as provided for in this section shall be \$250,000 multiplied by the number of separate small businesses which have formed and capitalized a corporation as hereinbefore provided for in this section, and if a loan to such corporation is for the purpose of constructing facilities, then the loan may have a maturity not to exceed twenty years plus such additional time as is required to complete such construction and at an interest rate of not less than 3 nor more than 5 per centum per annum: *And provided further*, That no act or omission to act pursuant to this section, if found and approved by the Small Business Administration as contributing to the needs of small business, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of the statement of any such finding and approval intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register. The authority granted in the last preceding proviso shall be delegated only (1) to an official who shall for the purpose of such delegation be appointed by the President by and with the advice and consent of the Senate, unless otherwise required to be appointed, (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making and stating any such finding and approval as is authorized in this subsection (a), and (3) upon the condition that such official obtain a statement in writing from the Attorney General that he, mindful of the antitrust laws and the public interest, concurs in the finding and approval made and granted by the Small Business Administration. Upon withdrawal of any finding or approval made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or approval. The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or



strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President within ninety days after approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

(3) In agreements to participate in loans on a deferred basis under this subsection or under subsection (b) (1) of this section, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

(b) The Administration also is empowered—

(1) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate because of floods or other catastrophes, including necessary or appropriate loans to any small-business concern located in an area where a drought is occurring, if the Administration determines that the small-business concern has suffered a substantial economic injury as a result of such drought, and the President has determined under the Act entitled “An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes”, approved September 30, 1950, as amended (42 U. S. C., secs. 1855–1855g), that such drought is a major disaster, or the Secretary of Agriculture has found under the Act entitled “An Act to abolish the Regional Agricultural Credit Corporation of Washington, District of Columbia, and transfer its functions to the Secretary of Agriculture, to authorize the Secretary of Agriculture to make disaster loans, and for other purposes”, approved April 6, 1949, as amended (12 U. S. C., secs. 1148a–1–1148a–3), that such drought constitutes a production or economic disaster in such area: *Provided*, That no such loan including renewals and extensions thereof may be made for a period or periods exceeding twenty years: *And provided further*, That the interest rate on the Administration’s share of loans made under this paragraph shall not exceed 3 per centum per annum;

(3) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts;

(4) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management, including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational,

and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration; and

(5) to further extend the maturity of or renew any loan made pursuant to this section, beyond the periods stated therein, or any loan transferred to the Administration pursuant to Reorganization Plan Numbered 2 of 1954, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan.

(c) *The Administration also is empowered to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as it may determine to be necessary or appropriate to assist small-business concerns which have been displaced from urban renewal areas as the result of urban renewal projects (as defined in section 110 (c) of the Housing Act of 1949, as amended) to meet the expenses (including uncompensated expenses of acquiring, constructing, or renovating their new premises and of acquiring necessary land, equipment, facilities, machinery, supplies, materials, or working capital) arising out of or reasonably related to their relocation in new areas. Any loan under this subsection may be made with such security as is available and with due regard to the average earnings of the business in the five years preceding displacement. No such loan shall be made if the total amount outstanding and committed (by participation or otherwise) to the borrower from the revolving fund established by this title would exceed \$250,000. No such loan including renewals and extensions thereof may be made for a period or periods exceeding twenty years. The interest rate on the Administration's share of loans made under this subsection shall not exceed 4 per centum per annum.*

## SECTION 5 (c) OF THE HOME OWNERS' LOAN ACT OF 1933

SEC. 5. (a) \* \* \*

\* \* \* \* \*

(c) Such associations shall lend their funds only on the security of their shares or on the security of first liens upon homes or combination of homes and business property within fifty miles of their home office: *Provided*, That not more than \$35,000 shall be loaned on the security of a first lien upon any one such property; except that not exceeding 15 per centum of the assets of such association may be loaned on other improved real estate without regard to said fifty-mile limit, but secured by first lien thereon: *And provided further*, That any portion of the assets of such associations may be invested in obligations of the United States or the stock or bonds of a Federal Home Loan Bank or in the obligations of the Federal National Mortgage Association: *And provided further*, That any such association which is converted from a State-chartered institution may



continue to make loans in the territory in which it made loans while operating under State charter. In addition to the loans and investments otherwise authorized, such associations may purchase, subject to all the provisions of this paragraph except the area restriction, loans secured by first liens on improved real estate which are insured under the provisions of the National Housing Act, as amended, or insured as provided in the Servicemen's Readjustment Act of 1944, as amended.

Without regard to any other provision of this subsection except the area requirement such associations are authorized to invest a sum not in excess of 15 per centum of the assets of such association in loans insured under subchapter I of chapter 13 of this title, in unsecured loans insured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, as amended, and in other loans for property alternation, repair, or improvement: *Provided*, That no such loan, unless so insured or guaranteed, shall be made in excess of **[\$2,500]** \$3,500.

## SECTION 17 OF THE FEDERAL HOME LOAN BANK ACT

SEC. 17. (a) The board shall supervise the Federal Home Loan Banks created by this Act, shall perform the other duties specifically prescribed by this Act, and shall have power to adopt, amend, and require the observance of such rules, regulations, and orders as shall be necessary from time to time for carrying out the purposes of the provisions of this Act. The board shall have power to suspend or remove any director, officer, employee, or agent of any Federal Home Loan Bank, the cause of such suspension or removal to be communicated in writing forthwith to such director, officer, employee or agent, and to such Federal Home Loan Bank.

(b) The Home Loan Bank Board which was, pursuant to Reorganization Plan Numbered 3 of 1947, established and made a constituent agency of the Housing and Home Finance Agency shall, from the effective date of the Housing Amendments of 1955, cease to be such a constituent agency and shall be an independent agency (including the Federal Savings and Loan Insurance Corporation) in the executive branch of the Government: *Provided*, That the functions vested in the Chairman of said board under clause (2) of the last sentence of subsection (b) of section 2 of said reorganization plan are hereby transferred to said board. Notwithstanding any other provision of law, said board, the Chairman thereof except as herein otherwise provided, and the Federal Savings and Loan Insurance Corporation, respectively had or could exercise, immediately prior to the effective date of the Housing Amendments of 1955 or immediately prior to the effective date of the Independent Offices Appropriation Act, 1955. Said board shall annually make a report of its operations (including those of the Federal Savings and Loan Insurance Corporation) to the Congress as soon as practicable after the first day of January in each year. The name of the Home Loan Bank Board is hereby changed to "Federal Home Loan Bank Board."

(c) *The Board shall make a study of methods by which improvements may be made in the service of savings and loan associations so as to encourage thrift and home ownership, giving particular atten-*

*tion to the improvement of credit facilities for savings and loan associations, the separation of credit functions and supervisory functions within the Federal Home Loan Bank System, and the amendment of existing law relating to liquidity requirements of savings and loan associations. The Board shall report its findings, together with any recommendations, to the Committees on Banking and Currency of the Senate and the House of Representatives not later than January 31, 1957. The Board shall have and exercise all of the functions vested in it on August 12, 1955, without regard to any provision of Reorganization Plan Numbered 2 of 1956, and (notwithstanding the provisions of the Reorganization Act of 1949 or of any other law) such Plan shall have no force or effect.*







84TH CONGRESS  
2D SESSION

# H. R. 11742

[Report No. 2363]

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 1956

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

JUNE 15, 1956

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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## A BILL

To extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Housing Act of 1956".

### 4       TITLE I—FHA INSURANCE PROGRAMS

#### 5               PROPERTY IMPROVEMENT LOANS

6       SEC. 101. (a) (1) Section 2 (a) of the National  
7       Housing Act is amended by striking out "September 30,  
8       1956" and inserting in lieu thereof "September 30, 1958".

9       (2) The proviso in the second paragraph of section  
10      2 (a) of such Act is amended to read as follows: "*Pro-*



1 *vided*, That this clause (iii) may in the discretion of the  
2 Commissioner be waived with respect to the period of oc-  
3 cupancy or completion of any such new residential struc-  
4 tures”.

5 (b) Section 2 (b) of such Act is amended—

6 (1) by striking out “made for the purpose of  
7 financing the alteration, repair, or improvement of  
8 existing structures exceeds \$2,500, or for the purpose  
9 of financing the construction of new structures exceeds  
10 \$3,000” and inserting in lieu thereof “exceeds \$3,500”;

11 (2) by striking out “three years” and inserting in  
12 lieu thereof “five years”; and

13 (3) by striking out “\$10,000” and inserting in lieu  
14 thereof “\$15,000 nor an average amount of \$2,500 per  
15 family unit”.

16 (c) Section 2 (b) of such Act is further amended by  
17 striking out “*Provided, That*” and inserting in lieu thereof  
18 the following: “*Provided, That* any such obligation with  
19 respect to which insurance is granted under this section on  
20 or after sixty days from the date of the enactment of this  
21 proviso shall bear interest, and insurance premium charges,  
22 not exceeding (A) an amount, with respect to so much of  
23 the net proceeds thereof as does not exceed \$1,500, equiva-  
24 lent to \$5 discount per \$100 of original face amount of a  
25 one-year note payable in equal monthly installments, plus

1 (B) an amount, with respect to any portion of the net pro-  
2 ceeds thereof in excess of \$1,500, equivalent to \$4 discount  
3 per \$100 of original face amount of such a note: *Provided*  
4 *further*, That the amounts referred to in clauses (A) and  
5 (B) of the preceding proviso, when correctly based on tables  
6 of calculations issued by the Commissioner or adjusted to  
7 eliminate minor errors in computation in accordance with  
8 requirements of the Commissioner, shall be deemed to com-  
9 ply with such proviso: *Provided further*, That”.

10 SECTION 203 MORTGAGE INSURANCE

11 SEC. 102. (a) Section 203 (b) (2) of the National  
12 Housing Act is amended by striking out “(but, in any case  
13 where the dwelling is not approved for mortgage insurance  
14 prior to the beginning of construction, 90 per centum)” and  
15 inserting in lieu thereof the following: “(but, in any case  
16 where the dwelling is not approved for mortgage insurance  
17 prior to the beginning of construction, unless the construction  
18 of the dwelling was completed more than one year prior to  
19 the application for mortgage insurance, 90 per centum)”.

20 (b) The first proviso in section 203 (b) (2) of such  
21 Act is amended to read as follows: “: *Provided*, That if the  
22 mortgagor is not the occupant of the property the principal  
23 obligation of the mortgage shall not exceed an amount equal  
24 to 90 per centum of the amount computed under the fore-  
25 going provisions of this paragraph (2)”.



(c) Section 203 (h) of such Act is amended by striking out “\$7,000” and inserting in lieu thereof “\$12,000”.

#### RENTAL HOUSING INSURANCE

SEC. 103. (a) Section 207 (c) (2) of the National Housing Act is amended by striking out “80 per centum” and inserting in lieu thereof “90 per centum”.

(b) Section 207 (c) (3) of such Act is amended to read as follows:

“(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit) or not to exceed \$1,000 per space or \$300,000 per mortgage for trailer courts or parks: *Provided*, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations per room contained in this para-

graph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require.”

(c) Section 207 (c) of such Act is further amended by striking out the unnumbered paragraph immediately following paragraph (3).

#### COOPERATIVE HOUSING INSURANCE

SEC. 104. (a) Section 213 (a) of the National Housing Act is amended—

(1) by striking out “or” at the end of paragraph (1) ;

(2) by inserting “or” at the end of paragraph (2) ;

(3) by adding after paragraph (2) the following new paragraph:

“(3) a mortgagor, approved by the Commissioner, which (A) has certified to the Commissioner, as a condition of obtaining the insurance of a mortgage under this section, that upon completion of the property or project covered by such mortgage it intends to sell such property or project to a nonprofit corporation or nonprofit trust of the character described in paragraph (1) of this subsection at the actual cost of such property or project as certified pursuant to section 227 of this Act and will faithfully and diligently make and carry out all reasonable efforts to consummate such sale, and (B) shall be regulated or restricted by the Commissioner



1 as to rents, charges, capital structure, rate of return, and  
2 methods of operation during any period while it holds  
3 the mortgaged property or project; and for such purpose  
4 the Commissioner may make such contracts with, and  
5 acquire for not to exceed \$100 such stock or interest in,  
6 any such mortgagor as the Commissioner may deem  
7 necessary to render effective such restriction or regula-  
8 tion, such stock or interest to be paid for out of the  
9 Housing Fund and to be redeemed by such mortgagor at  
10 par upon the sale of such property or project to such  
11 nonprofit corporation or nonprofit trust;” and

12 (4) by adding “referred to in paragraphs (1) and  
13 (2) of this subsection” after “which corporations or  
14 trusts”.

15 (b) Section 213 (b) (2) of such Act is amended by  
16 inserting immediately after “\$8,900” a semicolon and the  
17 following: “except that the Commissioner may, by regula-  
18 tion, increase any of the foregoing dollar amount limitations  
19 per room contained in this paragraph by not to exceed  
20 \$1,000 per room in any geographical area where he finds  
21 that cost levels so require: *Provided further*, That in the  
22 case of a mortgagor of the character described in paragraph  
23 (3) of subsection (a) the mortgage shall involve a prin-  
24 cipal obligation in an amount not to exceed 85 per centum  
25 of the amount which the Commissioner estimates will be

1 the replacement cost of the property or project when the  
2 proposed physical improvements are completed: *Provided*  
3 *further*, That upon the sale of a property or project by a  
4 mortgagor of the character described in paragraph (3)  
5 of subsection (a) to a nonprofit cooperative ownership  
6 housing corporation or trust within two years after the  
7 completion of such property or project, the mortgage given  
8 to finance such sale shall involve a principal obligation in  
9 an amount not to exceed the maximum amount computed  
10 in accordance with this subsection without regard to the  
11 preceding proviso”.

12 (c) Section 213 of such Act is further amended by  
13 adding at the end thereof the following subsection:

14 “(h) In the event that a mortgagor of the character  
15 described in paragraph (3) of subsection (a) obtains an  
16 insured mortgage loan pursuant to this section and fails  
17 to sell the property or project covered by such mortgage  
18 to a nonprofit housing corporation or nonprofit housing trust  
19 of the character described in paragraph (1) of subsection  
20 (a) hereof, such mortgagor shall not thereafter be eligible  
21 by reason of such paragraph (3) for insurance of any addi-  
22 tional mortgage loans pursuant to this section.”

23 (d) Paragraph (a) of section 227 of such Act is  
24 amended by inserting after “subsection (a) thereof” the  
25 following: “or with respect to any property or project of



1 a mortgagor of the character described in paragraph (3)  
2 of subsection (a) thereof”.

3 GENERAL MORTGAGE INSURANCE AUTHORIZATION

4 SEC. 105. Section 217 of the National Housing Act is  
5 amended—

6 (1) by striking out “July 1, 1955” in the first  
7 sentence and inserting in lieu thereof “July 1, 1956”;

8 (2) by striking out “\$4,000,000,000” in the first  
9 sentence and inserting in lieu thereof “\$3,000,000,000”;  
10 and

11 (3) by striking out “section 2” in the first and  
12 second sentences and inserting in lieu thereof “section  
13 2 and section 803”.

14 SECTION 220 INSURANCE

15 SEC. 106. (a) Section 220 (d) (3) (B) (ii) of the  
16 National Housing Act is amended by inserting after “Com-  
17 missioner” in the parenthetical phrase a comma and the  
18 following: “and, if the mortgagor is also the builder as  
19 defined by the Commissioner, shall include an allowance  
20 for builder’s and sponsor’s services, profit, and risk of 10 per  
21 centum of all of the foregoing items except the land unless  
22 the Commissioner, after certification that such allowance is  
23 unreasonable, shall by regulation prescribe a lesser per-  
24 centage”.

25 (b) Section 220 (d) (3) (B) (iii) of such Act is

1 amended by striking out “the foregoing limits” and inserting  
 2 in lieu thereof “any of the foregoing dollar amount limitations  
 3 per room contained in this paragraph”.

4 LOW-COST HOUSING FOR DISPLACED FAMILIES

5 SEC. 107. Section 221 (d) of the National Housing  
 6 Act is amended—

7 (1) by striking out “\$7,600” in paragraphs (2)  
 8 and (3) and inserting in lieu thereof “\$9,000”;

9 (2) by striking out “\$8,600” in paragraphs (2)  
 10 and (3) and inserting in lieu thereof “\$10,000”;

11 (3) by striking out “95 per centum of the appraised  
 12 value (as of the date the mortgage is accepted for  
 13 insurance) of a property, upon which there is located  
 14 a dwelling designed principally for a single-family  
 15 residence: *Provided*, That the mortgagor shall be the  
 16 owner and occupant of the property at the time of the  
 17 insurance and shall have paid on account of the prop-  
 18 erty at least 5 per centum of the Commissioner’s esti-  
 19 mate of the cost of acquisition in cash or its equivalent”  
 20 in paragraph (2) and inserting in lieu thereof the follow-  
 21 ing: “the appraised value (as of the date the mortgage  
 22 is accepted for insurance) of a property upon which  
 23 there is located a dwelling designed principally for a  
 24 single-family residence, less such amount as may be



1        necessary to comply with the succeeding proviso: *Pro-*  
2        *vided*, That the mortgagor shall be the owner and occu-  
3        pant of the property at the time of the insurance and  
4        shall have paid on account of the property at least \$200  
5        in cash or its equivalent (which amount may include  
6        amounts to cover settlement costs and initial payments  
7        for taxes, hazard insurance, mortgage insurance pre-  
8        mium, and other prepaid expenses) ”;

9            (4) by striking out “95 per centum of” in para-  
10       graph (3) ;

11           (5) by striking out “agencies thereof” in para-  
12       graph (3) and inserting in lieu thereof “agencies thereof  
13       or the Federal Housing Commissioner”; and

14           (6) by striking out “thirty” in paragraph (4) and  
15       inserting in lieu thereof “forty”.

16                                APPROVAL OF COST CERTIFICATIONS

17        SEC. 108. Section 227 of the National Housing Act is  
18       amended—

19            (1) by inserting after the first sentence the follow-  
20       ing new sentence: “Upon the Commissioner’s approval  
21       of the mortgagor’s certification as required hereunder,  
22       such certification shall be final and incontestable, ex-  
23       cept for fraud or material misrepresentation on the part  
24       of the mortgagor.”;

25            (2) by inserting after “legal expenses,” each place

1 it appears in paragraph (c) the following: "such allo-  
2 cations of general overhead items as are acceptable to  
3 the Commissioner,"; and

4 (3) by inserting after "maximum insurable mort-  
5 gage amount" in paragraph (b) a semicolon and the  
6 following: "except that if the mortgage is to assist  
7 the financing of repair or rehabilitation and no part of  
8 the proceeds will be used to finance the purchase of  
9 the land or structure involved, the approved percentage  
10 shall be 100 per centum"; and by striking out "(with-  
11 out reduction by reason of the application of the ap-  
12 proved percentage requirements of this section)" in  
13 clause (ii) (B) of paragraph (c).

14 Nothing contained in paragraph (3) shall be construed  
15 as affecting the limitations on maximum insurable mortgage  
16 amounts contained in sections 207, 220, and 221 of the  
17 National Housing Act.

## 18 TITLE II—HOUSING FOR ELDERLY PERSONS

### 19 LOANS TO NONPROFIT CORPORATIONS TO PROVIDE HOUSING 20 FOR ELDERLY FAMILIES AND ELDERLY PERSONS

21 SEC. 201. (a) The purpose of this section is to assist  
22 private nonprofit corporations to provide housing and related  
23 facilities for elderly families and elderly persons.

24 (b) (1) In order to carry out the purpose of thi  
25 section, the Administrator may make loans to any corpor



1 tion (as defined in subsection (d) (2) ) for the provision of  
2 rental housing and related facilities for elderly families and  
3 elderly persons, except that (A) no such loan shall be made  
4 unless the corporation shows that it is unable to secure the  
5 necessary funds from other sources upon terms and conditions  
6 equally as favorable as the terms and conditions applicable to  
7 loans under this section, and (B) no such loan shall be made  
8 unless the Administrator finds that the construction will be  
9 undertaken in an economical manner, and that it will not be  
10 of elaborate or extravagant design or materials.

11 (2) A loan to a corporation under this section may be in  
12 an amount not exceeding the total development cost (as de-  
13 fined in subsection (d) (3) ), as determined by the Adminis-  
14 trator; shall be secured in such manner and be repaid within  
15 such period, not exceeding fifty years, as may be determined  
16 by him; and shall bear interest at a rate determined by him  
17 which shall be not more than  $3\frac{1}{2}$  per centum per annum.

18 (3) To obtain funds for loans under this section, the  
19 Administrator may issue notes and obligations for purchase  
20 by the Secretary of the Treasury in an amount not to exceed  
21 \$250,000,000 outstanding at any one time. The amount  
22 outstanding at any one time for related facilities, as defined  
23 in subsection (d) (8), shall not exceed \$50,000,000.

24 (4) Notes or other obligations issued by the Adminis-  
25 trator under this section shall be in such forms and denomina-

1 tions, have such maturities, and be subject to such terms and  
2 conditions as may be prescribed by the Administrator, with  
3 the approval of the Secretary of the Treasury. Such notes  
4 or other obligations issued to obtain funds for loans under  
5 this section shall bear interest at a rate determined by the  
6 Secretary of the Treasury which shall be not more than 3  
7 per centum per annum. The Secretary of the Treasury is  
8 authorized and directed to purchase any notes and other  
9 obligations of the Administrator issued under this section, and  
10 for such purpose is authorized to use as a public-debt trans-  
11 action the proceeds from the sale of any securities issued  
12 under the Second Liberty Bond Act, as amended, and the  
13 purposes for which securities may be issued under such Act,  
14 as amended, are extended to include any purchases of such  
15 notes and other obligations. The Secretary of the Treasury  
16 may at any time sell any of the notes or other obligations  
17 acquired by him under this subsection. All redemptions,  
18 purchases, and sales by the Secretary of the Treasury of such  
19 notes or other obligations shall be treated as public-debt  
20 transactions of the United States.

21 (5) There are authorized to be appropriated to the  
22 Administrator such sums as may be necessary, together with  
23 loan principal and interest payments made by any corpora-  
24 tion assisted hereunder, for payments of notes or other obli-  
25 gations of the Administrator under this section.



1       (c) (1) In the performance of, and with respect  
2 to, the functions, powers, and duties vested in him by this  
3 section, the Administrator, notwithstanding the provisions of  
4 any other law, shall—

5           (A) prepare and submit annually a budget program  
6 as provided for wholly-owned Government corporations  
7 by the Government Corporation Control Act; and

8           (B) maintain an integral set of accounts which  
9 shall be audited annually by the General Accounting  
10 Office in accordance with the principles and procedures  
11 applicable to commercial transactions as provided by  
12 the Government Corporation Control Act, and no other  
13 audit shall be required. Such financial transactions  
14 of the Administrator as the making of loans and  
15 vouchers approved by the Administrator in con-  
16 nection with such financial transactions shall be final  
17 and conclusive upon all officers of the Government.

18       (2) Funds made available to the Administrator pursu-  
19 ant to the provisions of this section shall be deposited in a  
20 checking account or accounts with the Treasurer of the  
21 United States. Receipts and assets obtained or held by the  
22 Administrator in connection with the performance of his  
23 functions under this section, and all funds available for carry-  
24 ing out the functions of the Administrator under this section  
25 (including appropriations therefor, which are hereby author-

1 ized), shall be available, in such amounts as may from year  
2 to year be authorized by the Congress, for the administrative  
3 expenses of the Administrator in connection with the per-  
4 formance of such functions.

5 (3) In the performance of, and with respect to, the  
6 functions, powers, and duties vested in him by this section,  
7 the Administrator, notwithstanding the provisions of any  
8 other law, may—

9 (A) prescribe such rules and regulations as may  
10 be necessary to carry out the purpose of this section;

11 (B) sue and be sued;

12 (C) foreclose on any property or commence any  
13 action to protect or enforce any right conferred upon him  
14 by any law, contract, or other agreement, and bid for  
15 and purchase at any foreclosure or any other sale any  
16 property in connection with which he has made a loan  
17 pursuant to this section. In the event of any such ac-  
18 quisition, the Administrator may, notwithstanding any  
19 other provision of law relating to the acquisition, han-  
20 dling, or disposal of real property by the United States,  
21 complete, administer, remodel and convert, dispose of,  
22 lease, and otherwise deal with, such property; but any  
23 such acquisition of real property shall not deprive any  
24 State or political subdivision thereof of its civil or crimi-  
25 nal jurisdiction in and over such property or impair



1 the civil rights under State or local laws of the in-  
2 habitants on such property;

3 (D) enter into agreements to pay annual sums in  
4 lieu of taxes to any State or local taxing authority with  
5 respect to any real property so acquired or owned;

6 (E) sell or exchange at public or private sale, or  
7 lease, real or personal property, and sell or exchange  
8 any securities or obligations, upon such terms as he  
9 may fix;

10 (F) obtain insurance against loss in connection with  
11 property and other assets held;

12 (G) subject to the specific limitations in this section,  
13 consent to the modification, with respect to the rate of  
14 interest, time of payment of any installment of principal  
15 or interest, security, or any other term or condition, of  
16 any contract or agreement to which he is a party or  
17 which has been transferred to him pursuant to this sec-  
18 tion; and

19 (H) include in any contract or instrument made  
20 pursuant to this title such other covenants, conditions,  
21 and provisions (including provisions to facilitate the en-  
22 forcement of paragraph (5) ) as he may deem necessary  
23 to assure that the purpose of this section will be achieved.

24 (4) Section 3709 of the Revised Statutes shall not  
25 apply to any contract for services or supplies on account of

1 any property acquired pursuant to this section if the amount  
2 of such contract does not exceed \$1,000.

3 (5) (A) Housing constructed with a loan made under  
4 this section shall not be used for transient or hotel purposes  
5 while such loan is outstanding.

6 (B) As used in subparagraph (A), the term “transient  
7 or hotel purposes” shall have such meaning as may be pre-  
8 scribed by the Administrator, but rental for any period  
9 less than thirty days shall in any event constitute use for  
10 such purposes. The provisions of subsections (f) through  
11 (j) of section 513 of the National Housing Act (as added  
12 by section 132 of the Housing Act of 1954) shall apply  
13 in the case of violations of subparagraph (A) as though  
14 the housing described in such subparagraph were multi-  
15 family housing (as defined in section 513 (e) (2) of the  
16 National Housing Act) with respect to which a mortgage  
17 is insured under such Act, except that for purposes of this  
18 paragraph the Administrator shall perform the functions  
19 vested in the Commissioner by such section 513.

20 (d) As used in this section—

21 (1) The term “housing” means (A) new struc-  
22 tures suitable for dwelling use by elderly families and  
23 new structures suitable for such use by one or more  
24 elderly persons, and (B) dwelling facilities provided by



1     rehabilitation, alteration, conversion, or improvement  
2     of existing structures which are otherwise inadequate  
3     for proposed dwelling use by such families and persons.

4         (2) The term "corporation" means any incorpo-  
5     rated private institution or foundation no part of the net  
6     earnings of which inures to the benefit of any private  
7     shareholder, contributor, or individual, if such institution  
8     or foundation is approved by the Administrator as to  
9     financial responsibility.

10        (3) The term "development cost" means costs of  
11     construction of housing and of other related facilities,  
12     and of the land on which it is located, including neces-  
13     sary site improvement.

14        (4) The term "elderly families" means families  
15     the head of which (or his spouse) is sixty-five years  
16     of age or over; and the term "elderly persons" means  
17     persons who are sixty-five years of age or over.

18        (5) The term "State" includes the several States,  
19     the District of Columbia, the Commonwealth of Puerto  
20     Rico, and the Territories and possessions of the United  
21     States.

22        (6) The term "Administrator" means the Housing  
23     and Home Finance Administrator.

24        (7) The term "construction" means erection of

1 new structures, or rehabilitation, alteration, conversion,  
2 or improvement of existing structures.

3 (8) The term "related facilities" means (A) new  
4 structures suitable for use as cafeterias or dining halls,  
5 community rooms or buildings, or infirmaries or other  
6 inpatient or outpatient health facilities, or for other  
7 essential service facilities, and (B) structures suitable  
8 for the above uses provided by rehabilitation, alteration,  
9 conversion, or improvement of existing structures which  
10 are otherwise inadequate for such uses.

11 LOW-RENT PUBLIC HOUSING FOR THE ELDERLY

12 SEC. 202. (a) Paragraph (2) of section 2 of the  
13 United States Housing Act of 1937 is amended by adding  
14 at the end thereof the following new sentences: "The term  
15 'families' includes (A) a person sixty-five years of age or  
16 over, and (B) the remaining member of a tenant family.  
17 The term 'elderly families' means families the head of which  
18 (or his spouse) is sixty-five years of age or over."

19 (b) Section 10 of such Act is amended by adding at  
20 the end thereof the following new subsection:

21 "(m) For the purpose of increasing the supply of low-  
22 rent housing for elderly families, the Authority may assist  
23 the construction of new housing in order to provide accom-  
24 modations designed specifically for such families, and may,



1 with the approval of the President, after July 1, 1956,  
2 without regard to the provisions of any other law, enter  
3 into contracts for loans and annual contributions provid-  
4 ing for not to exceed ten thousand new dwelling units  
5 designed specifically for such families (either as sepa-  
6 rate projects or as parts of projects), which num-  
7 ber shall be increased by ten thousand dwelling units on  
8 July 1, 1957, and on July 1, 1958. Such new dwelling  
9 units shall be in addition to the dwelling units for which  
10 annual contributions contracts are authorized by any other  
11 provision of law: *Provided*, That nothing in this subsection  
12 shall be construed to prevent the provision of dwelling units  
13 designed for elderly families under other authorizations.  
14 The total authorization otherwise provided for annual  
15 contributions under this Act shall be increased by  
16 \$4,000,000 per annum on July 1, 1956, and by the  
17 same amount on July 1, 1957, and on July 1, 1958. In the  
18 selection of tenants from among low-income families who  
19 are eligible applicants for occupancy in the dwelling units  
20 provided for under this subsection, a first preference (which  
21 shall be prior to any of the preferences provided in such  
22 subsection (g)) shall be extended to elderly families."

23 (c) Section 15 (5) of such Act is amended by inserting  
24 immediately before the colon in the first sentence the fol-

1 lowing: "or \$2,250 in the case of accommodations designed  
2 specifically for elderly families".

3 (d) Section 15 (8) (b) of such Act is amended by  
4 inserting before the semicolon at the end thereof a comma  
5 and the following: "or in the case of an elderly family".

6 (e) Subsection (d) of section 21 of such Act is amended  
7 by striking out "\$336,000,000" and inserting in lieu thereof  
8 "\$348,000,000".

#### 9 DOWN-PAYMENT ASSISTANCE

10 SEC. 203. Section 203 (b) (2) of the National Housing  
11 Act is amended by striking out the final period and inserting  
12 in lieu thereof a comma and the following: "except that  
13 with respect to a mortgage executed by a mortgagor who is  
14 sixty years of age or older as of the date the mortgage is  
15 endorsed for insurance, the mortgagor's payment required  
16 by this proviso may be paid by an individual other than  
17 the mortgagor under such terms and conditions as the Com-  
18 missioner may prescribe."

#### 19 TITLE III—SECONDARY MORTGAGE MARKET

##### 20 FEDERAL NATIONAL MORTGAGE ASSOCIATION

21 SEC. 301. (a) Section 302 (b) of the National Hous-  
22 ing Act is amended—

23 (1) by striking out "and (2)" and inserting in lieu  
24 thereof "(2)";



1           (2) by striking out "if (i)" and inserting in lieu  
2           thereof "if"; and

3           (3) by striking out "or (ii) the original principal  
4           obligation thereof exceeds or exceeded \$15,000 for each  
5           family residence or dwelling unit covered by the mort-  
6           gage" and inserting in lieu thereof "; and (3) the  
7           Association may not purchase any mortgage, except a  
8           mortgage insured under section 803 or a mortgage cover-  
9           ing property located in Alaska, Guam, or Hawaii, if the  
10          original principal obligation thereof exceeds or exceeded  
11          \$15,000 for each family residence or dwelling unit  
12          covered by the mortgage".

13          (b) The first sentence of section 303 (b) of such Act  
14          is amended to read as follows: "The Association shall accumu-  
15          late funds for its capital surplus account from private sources  
16          by requiring each mortgage seller to make payments of  
17          nonrefundable capital contributions equal to not more than  
18          2 per centum of the unpaid principal amount of mortgages  
19          therein involved in purchases or contracts for purchases  
20          between such seller and the Association: *Provided*, That  
21          payment of such capital contributions shall not be required in  
22          connection with any advance commitment to purchase a  
23          mortgage in secondary market operations under section 304  
24          unless such mortgage is actually purchased pursuant to such  
25          commitment."

1       (c) (1) Section 304 (a) of such Act is amended by  
2 adding at the end thereof the following new sentence: "Not-  
3 withstanding any other provision of this section, advance  
4 commitments to purchase mortgages in secondary market  
5 operations under this section shall be issued only at prices  
6 which are sufficient to facilitate advance planning of home  
7 construction, but which are sufficiently below the price then  
8 offered by the Association for immediate purchase to prevent  
9 excessive sales to the Association pursuant to such commit-  
10 ments."

11       (2) Section 304 (d) of such Act is amended to read  
12 as follows:

13       “(d) The Association may not purchase participations  
14 in its operations under this section.”

15       (d) The second sentence of section 305 (b) of such Act  
16 is amended to read as follows: “Subject to the provisions  
17 of this section, the prices to be paid by the Association for  
18 mortgages purchased in its operations under this section  
19 (including mortgages purchased under subsections (e), (f),  
20 and (g)) shall be established from time to time by the  
21 Association; except that in no event shall the Association  
22 enter into a commitment or other contract, during the period  
23 beginning on the date of the enactment of the Housing Act  
24 of 1956 and ending June 30, 1957, for the purchase of any  
25 such mortgage at less than 100 per centum of the unpaid



1 principal amount thereof at the time of purchase, with  
2 adjustments for interest and any comparable items.”

3 (e) Section 305 (c) of such Act is amended by  
4 striking out “\$200,000,000” and inserting in lieu thereof  
5 “\$400,000,000”.

6 (f) Section 305 (e) of such Act is amended by striking  
7 out “but not more than \$5,000,000 of such authorization  
8 shall be available for such commitments in any one State”  
9 and inserting in lieu thereof “but such commitments in  
10 any one State shall not exceed \$5,000,000 outstanding at  
11 any one time”.

12 (g) Section 305 (f) of such Act is amended by striking  
13 out “by the Housing Amendments of 1955” and inserting  
14 in lieu thereof “on or after August 11, 1955”.

15 (h) Section 305 of such Act is further amended by add-  
16 ing at the end thereof the following new subsection:

17 “(g) Notwithstanding any other provision of this Act,  
18 the Association is authorized to make commitments to  
19 purchase and to purchase, service, or sell, any mortgage  
20 with respect to which the Federal Housing Commissioner,  
21 on or after the date of the enactment of this subsection,  
22 shall have issued a commitment to insure pursuant to section  
23 203 (i) : *Provided*, That the total amount of purchases and  
24 commitments authorized by this subsection shall not exceed  
25 \$50,000,000 outstanding at any one time, and the amount

1 of such purchases and commitments in any State shall not  
2 exceed \$5,000,000 outstanding at any one time.”

3 (i) So much of section 305 (c) of such Act as pre-  
4 cedes the proviso is amended by striking out “purchasers”  
5 and inserting in lieu thereof “purchases”.

6 (j) (1) The last sentence of section 306 (c) of such  
7 Act is amended by striking out “and subsection (e) of this  
8 section”.

9 (2) Section 306 (e) of such Act is repealed.

10 INVESTMENT OF NATIONAL SERVICE LIFE INSURANCE FUND

11 SEC. 302. (a) The Secretary of the Treasury is hereby  
12 authorized to invest and reinvest not in excess of 10 per  
13 centum of the National Service Life Insurance Fund by  
14 purchasing loans which are guaranteed pursuant to section  
15 501 of the Servicemen’s Readjustment Act of 1944, as  
16 amended, and which are secured by property located  
17 in geographic areas where private capital is found by  
18 the Secretary to be generally available for guaranteed  
19 loans only at an excessive discount, in order to stabilize  
20 the price at which such loans generally will be salable to in-  
21 vestors. The price to be paid for such loans shall not exceed  
22 the unpaid principal balance thereof, plus accrued interest.  
23 No such loan shall be purchased hereunder except from the  
24 original mortgagee prior to any other sale thereof. No such



1 loan shall be purchased hereunder after July 25, 1957, ex-  
2 cept pursuant to an agreement to purchase made on or  
3 before such date. Loans will be eligible for purchase  
4 hereunder only if guaranteed on or after the date of  
5 the enactment of this Act, and loans so purchased  
6 may be sold for an amount not less than the unpaid prin-  
7 cipal balance plus accrued interest. If any loan acquired  
8 under this section by the Secretary of the Treasury shall  
9 default, and the Secretary determines the default to be in-  
10 soluble, such loan and the security therefor shall be assigned  
11 to the Administrator of Veterans' Affairs, who shall pay to  
12 the Fund (in the manner provided by the first proviso in  
13 section 506 of the Servicemen's Readjustment Act of 1944)  
14 the entire unpaid principal balance of the loan plus accrued  
15 interest.

16 (b) The Federal National Mortgage Association shall  
17 act as the agent of the Secretary of the Treasury with  
18 respect to the purchase, servicing, and sale of such  
19 loans. The Secretary shall reimburse the Federal Na-  
20 tional Mortgage Association for expenses incurred by it  
21 in carrying out such functions from the income derived from  
22 such loans; but such reimbursement shall not exceed an  
23 amount, payable from the interest portion of each monthly  
24 installment applicable to principal and interest collected,  
25 equal to three-fourths of 1 per centum per annum computed

1 on the same principal amount and for the same period as  
2 the interest portion of such installment.

## 3 TITLE IV—SLUM CLEARANCE AND URBAN

### 4 RENEWAL

#### 5 SLUM CLEARANCE AND URBAN RENEWAL

6 SEC. 401. (a) Section 105 (a) of the Housing Act of  
7 1949, as amended, is amended by striking out “(including  
8 any redevelopment plan constituting a part thereof)”.

9 (b) Section 106 (e) of such Act is amended by strik-  
10 ing out “\$70,000,000” and inserting in lieu thereof  
11 “\$100,000,000”.

12 (c) Section 106 of such Act is amended by adding at the  
13 end thereof the following new subsection:

14 “(f) (1) Notwithstanding any other provision of this  
15 title, an urban renewal project respecting which a contract  
16 for a capital grant is executed under this title may include  
17 the making of relocation payments (as defined in paragraph  
18 (2) ) ; and such contract shall provide that the capital grant  
19 otherwise payable under this title shall be increased by an  
20 amount equal to such relocation payments and that no part of  
21 the amount of such relocation payments shall be required to  
22 be contributed as part of the local grant-in-aid.

23 “(2) As used in this subsection, the term ‘relocation  
24 payments’ means payments by a local public agency, in  
25 connection with a project, to individuals, families, and busi-



1   ness concerns for their reasonable and necessary moving  
2   expenses and any other losses of property except goodwill  
3   (which are incurred on and after the date of the enactment  
4   of the Housing Act of 1956, and for which reimbursement  
5   or compensation is not otherwise made) resulting from their  
6   displacement by an urban renewal project included in an  
7   urban renewal area respecting which a contract for capital  
8   grant has been executed under this title. Such payments  
9   shall be made subject to such rules and regulations pre-  
10   scribed by the Administrator as are in effect on the date  
11   of execution of the contract for capital grant (or the date on  
12   which the contract is amended pursuant to paragraph (3)),  
13   and shall not exceed \$200 in the case of an individual or  
14   family, or \$5,000 in the case of a business concern.

15       “(3) Any contract with a local public agency which  
16   was executed under this title before the date of the enact-  
17   ment of the Housing Act of 1956 may be amended to pro-  
18   vide for payments under this subsection for expenses and  
19   losses incurred on or after such date.”

20       (d) Section 110 (b) of such Act is amended by insert-  
21   ing “and” after the semicolon at the end of clause (1),  
22   and by striking out “; and (3)” and all that follows and  
23   inserting in lieu thereof a period.

24       (e) Section 110 (b) of such Act is further amended  
25   by adding at the end thereof the following new sentence:

1 “If the plan includes the construction of a hotel, it shall  
 2 contain a certification that a survey of anticipated profits  
 3 has been made by a recognized independent firm and that  
 4 the results of such survey indicate that additional hotel  
 5 facilities in the area are needed and can be built and  
 6 operated profitably.”

#### 7 DISASTER AREAS

8 SEC. 402. (a) Title I of the Housing Act of 1949, as  
 9 amended, is amended by adding at the end thereof the fol-  
 10 lowing new section:

#### 11 “DISASTER AREAS

12 “SEC. 111. Where the local governing body certifies,  
 13 and the Administrator finds, that an urban area is in need  
 14 of redevelopment or rehabilitation as a result of a flood, fire,  
 15 hurricane, earthquake, storm, or other catastrophe which  
 16 the President, pursuant to section 2 (a) of the Act entitled  
 17 ‘An Act to authorize Federal assistance to States and local  
 18 governments in major disasters, and for other purposes’  
 19 (Public Law 875, Eighty-first Congress, approved Septem-  
 20 ber 30, 1950), as amended, has determined to be a major  
 21 disaster, the Administrator is authorized to extend financial  
 22 assistance under this title for an urban renewal project with  
 23 respect to such area without regard to the following:

24 “(1) the ‘workable program’ requirement in section  
 25 101 (c), except that any contract for temporary loan or



1 capital grant pursuant to this section shall obligate the  
2 local public agency to comply with the 'workable pro-  
3 gram' requirement in section 101 (c) by a future date  
4 determined to be reasonable by the Administrator and  
5 specified in such contract;

6 " (2) the requirements in section 105 (a) (iii) and  
7 section 110 (b) (1) that the urban renewal plan con-  
8 form to a general plan of the locality as a whole and to  
9 the workable program referred to in section 101 (c) ;

10 " (3) the 'relocation' requirements in section 105  
11 (c) : *Provided*, That the Administrator finds that the  
12 local public agency has presented a plan for the en-  
13 couragement, to the maximum extent feasible, of the  
14 provision of dwellings suitable for the needs of families  
15 displaced by the catastrophe or by redevelopment or  
16 rehabilitation activities;

17 " (4) the 'public hearing' requirement in section  
18 105 (d) ;

19 " (5) the requirements in sections 102 and 110  
20 that the urban renewal area be a slum area or a blighted,  
21 deteriorated, or deteriorating area; and

22 " (6) the requirements in section 110 with respect  
23 to the predominantly residential character or predomi-  
24 nantly residential re-use of urban renewal areas.

25 In the preparation of the urban renewal plan with

1 respect to a project aided under this section, the local public  
2 agency shall give due regard to the removal or relocation of  
3 dwellings from the site of recurring floods or other recurring  
4 catastrophes in the project area.”

5 (b) Subparagraph (A) of section 220 (d) (1) of the  
6 National Housing Act is amended to read as follows:

7 “(A) be located in (i) the area of a slum  
8 clearance and urban redevelopment project covered  
9 by a Federal-aid contract executed, or a prior ap-  
10 proval granted, pursuant to title I of the Housing  
11 Act of 1949 before the effective date of the Hous-  
12 ing Act of 1954, or (ii) an urban renewal area  
13 (as defined in title I of the Housing Act of 1949,  
14 as amended) in a community respecting which the  
15 Housing and Home Finance Administrator has  
16 made the certification to the Commissioner pro-  
17 vided for by subsection 101 (c) of the Housing  
18 Act of 1949, as amended, or (iii) the area of an  
19 urban renewal project assisted under section 111  
20 of the Housing Act of 1949, as amended: *Provided,*  
21 That, in the case of an area within the purview  
22 of clause (i) or (ii) of this subparagraph, a re-  
23 development plan or an urban renewal plan (as  
24 defined in title I of the Housing Act of 1949,  
25 as amended), as the case may be, has been ap-



1        proved for such area by the governing body of the  
2        locality involved and by the Housing and Home  
3        Finance Administrator, and the Administrator has  
4        certified to the Commissioner that such plan con-  
5        forms to a general plan for the locality as a whole  
6        and that there exist the necessary authority and  
7        financial capacity to assure the completion of such  
8        redevelopment or urban renewal plan: *And pro-*  
9        *vided further,* That, in the case of an area within  
10       the purview of clause (iii) of this subparagraph, an  
11       urban renewal plan (as required for projects  
12       assisted under such section 111) has been approved  
13       for such area by such governing body and by  
14       the Administrator, and the Administrator has  
15       certified to the Commissioner that such plan con-  
16       forms to definite local objectives respecting appro-  
17       priate land uses, improved traffic, public transporta-  
18       tion, public utilities, recreational and community  
19       facilities, and other public improvements, and that  
20       there exist the necessary authority and financial  
21       capacity to assure the completion of such urban  
22       renewal plan, and”.

23       (c) Section 221 (a) of the National Housing Act is  
24       amended—

25       (1) by adding immediately before the period at

1 the end of the first sentence a comma and the following:  
2 “or (3) there is being carried out an urban renewal  
3 project assisted under section 111 of the Housing Act  
4 of 1949, as amended”; and

5 (2) by striking out “clause (2)” each place it  
6 appears in the last proviso and inserting in lieu thereof  
7 “clause (2) or (3)”.

8 (d) The second sentence of section 701 of the  
9 Housing Act of 1954 is amended to read as follows:  
10 “The Administrator is further authorized to make planning  
11 grants for similar planning work (1) in metropolitan and  
12 regional areas to official State, metropolitan, or regional  
13 planning agencies empowered under State or local laws  
14 to perform such planning; (2) to cities, other municipalities,  
15 and counties having a population of twenty-five thousand  
16 or more according to the latest decennial census which  
17 have suffered substantial damage as a result of a flood, fire,  
18 hurricane, earthquake, storm, or other catastrophe which  
19 the President, pursuant to section 2 (a) of the Act entitled  
20 ‘An Act to authorize Federal assistance to States and local  
21 governments in major disasters, and for other purposes’  
22 (Public Law 875, Eighty-first Congress, approved Septem-  
23 ber 30, 1950), as amended, has determined to be a major  
24 disaster; and (3) to State planning agencies, to be used for  
25 the provision of planning assistance to the cities, other



1 municipalities, and counties referred to in clause (2)  
2 hereof.”

3 URBAN PLANNING AUTHORIZATION

4 SEC. 403. The last sentence of section 701 of the Hous-  
5 ing Act of 1954 is amended by striking out “\$5,000,000”  
6 and inserting in lieu thereof “\$10,000,000”.

7 RESERVE OF PLANNED PUBLIC WORKS

8 SEC. 404. Section 703 of the Housing Act of 1954 is  
9 amended by inserting before the period at the end thereof  
10 a comma and the following: “or any educational institu-  
11 tion (as defined in section 404 (b) of the Housing Act of  
12 1950)”.

13 ASSISTANCE TO SMALL BUSINESS CONCERNS DISPLACED  
14 FROM URBAN RENEWAL AREAS

15 SEC. 405. (a) Section 207 of the Small Business Act  
16 of 1953 is amended by adding at the end thereof the follow-  
17 ing new subsection:

18 “(c) The Administration also is empowered to make  
19 such loans (either directly or in cooperation with banks or  
20 other lending institutions through agreements to participate  
21 on an immediate or deferred basis) as it may determine to  
22 be necessary or appropriate to assist small-business concerns  
23 which have been displaced from urban renewal areas as the  
24 result of urban renewal projects (as defined in section 110  
25 (c) of the Housing Act of 1949, as amended) to meet the

1 expenses (including uncompensated expenses of acquiring,  
2 constructing, or renovating their new premises and of acquiring  
3 necessary land, equipment, facilities, machinery, supplies,  
4 materials, or working capital) arising out of or reasonably  
5 related to their relocation in new areas. Any loan  
6 under this subsection may be made with such security as is  
7 available and with due regard to the average earnings of the  
8 business in the five years preceding displacement. No such  
9 loan shall be made if the total amount outstanding and committed  
10 (by participation or otherwise) to the borrower from  
11 the revolving fund established by this title would exceed  
12 \$250,000. No such loan including renewals and extensions  
13 thereof may be made for a period or periods exceeding  
14 twenty years. The interest rate on the Administration's  
15 share of loans made under this subsection shall not exceed  
16 4 per centum per annum."

17 (b) Subsection (c) of section 207 of such Act, as added  
18 by subsection (a) of this section, shall apply only with  
19 respect to small-business concerns displaced from urban renewal  
20 areas on or after the date of the enactment of this Act.

21 (c) Section 204 (b) of such Act is amended—

22 (1) by striking out "\$375,000,000" each place it  
23 appears and inserting in lieu thereof "\$400,000,000";

24 (2) by striking out "section 207 (a), (b) (1),  
25 (b) (2), and (b) (3)" and inserting in lieu thereof



1       “section 207 (a), (b) (1), (b) (2), (b) (3), and  
2       (c)”; and

3           (3) by inserting after the seventh sentence the  
4       following new sentence: “Not to exceed an aggregate  
5       of \$25,000,000 shall be used for the purpose stated  
6       in section 207 (c).”

## 7                   TITLE V—PUBLIC HOUSING

### 8                   CONTRACTS FOR ANNUAL CONTRIBUTIONS

9       SEC. 501. (a) Subsection (i) of section 10 of the  
10      United States Housing Act of 1937 is amended, effective  
11      August 1, 1956, to read as follows:

12       “(i) Notwithstanding any other provision of law (ex-  
13      cept as hereinafter provided in this section) the Authority  
14      may enter into new contracts for loans and annual contribu-  
15      tions after July 31, 1956, for not more than fifty thousand  
16      additional dwelling units, which amount shall be increased  
17      by fifty thousand additional dwelling units on July 1, 1957,  
18      and on July 1, 1958, and may enter into only such new  
19      contracts for preliminary loans in respect thereto as are  
20      consistent with the number of dwelling units for which con-  
21      tracts for annual contributions may be entered into here-  
22      under: *Provided*, That any balance of the authorization  
23      provided by this subsection as amended by section 108 (b)  
24      of the Housing Amendments of 1955, not utilized by July  
25      31, 1956, shall be available in any succeeding year: *And*

1 *provided further*, That no new contracts for loans and annual  
2 contributions for additional dwelling units in excess of the  
3 number authorized in this sentence shall be entered into  
4 unless authorized by the Congress.”

5 (b) Clause (2) of the third proviso in the first para-  
6 graph (captioned “Annual contributions”) under the head-  
7 ing “Public Housing Administration” in title I of the Inde-  
8 pendent Offices Appropriation Act, 1953 (66 Stat. 403),  
9 is repealed.

#### 10 FARM LABOR CAMPS

11 SEC. 502. Section 12 (f) of the United States Hous-  
12 ing Act of 1937 is amended by adding at the end thereof  
13 the following: “Notwithstanding any other provision of law,  
14 upon the filing of a request therefor within eighteen months  
15 after the date of the enactment of this sentence, the Au-  
16 thority shall relinquish, transfer, and convey, without  
17 monetary consideration, all of its rights, title, and interest  
18 in and with respect to any such project or any part thereof  
19 (including such land as is determined by the Authority to  
20 be reasonably necessary to the operation of such proj-  
21 ect, and including contractual rights to revenues, reserves,  
22 and other proceeds therefrom), (1) in the case of any  
23 State other than Florida, to any public housing agency  
24 whose area of operation includes the project, upon a finding  
25 and certification by the public housing agency (which shall



1 be conclusive upon the Authority) that the project is needed  
2 to house persons and families of low income and that pref-  
3 erence for occupancy in the project will be given first to  
4 low-income agricultural workers and their families and  
5 second to other low-income persons and their families;  
6 and (2) in the case of Florida, to any public housing agency  
7 in the State whenever, under the laws of the State, such  
8 agency (A) is authorized to acquire and operate such  
9 project, (B) is required to give preference for occupancy  
10 in such project, first, to low-income agricultural workers  
11 and their families, and second, to other low-income persons  
12 and their families, (C) is required, in the event of the dis-  
13 position of such project by sale or otherwise, to use the pro-  
14 ceeds thereof and any available accumulated earnings to  
15 construct facilities (which shall be subject to the same pref-  
16 erences as those specified in clause (B) ) for occupancy by  
17 low-income agricultural workers and their families in the  
18 same area, and (D) is required, so long as it continues  
19 to own or operate such project, to have on its man-  
20 aging board one or more members whose principal occupa-  
21 tion is farming. Upon the relinquishment and transfer of any

1 such project it shall cease to be a low-rent project within the  
2 meaning of this Act, and the Authority shall have no further  
3 jurisdiction over it, except that in any conveyance under the  
4 preceding sentence the Authority shall reserve to the United  
5 States any mineral rights of any nature whatsoever upon,  
6 in, or under the property, including such rights of access  
7 to and the use of such parts of the surface of the property  
8 as may be necessary for mining and saving the minerals.  
9 Any project or part thereof not relinquished and conveyed  
10 pursuant to this subsection or under a contract for disposal  
11 pursuant to this subsection within eighteen months after the  
12 date of the enactment of this sentence shall be disposed of  
13 by the Authority pursuant to subsection (e) of section 13  
14 of this Act, notwithstanding the parenthetical clause in such  
15 subsection."

16 DISPOSITION OF DEFENSE HOUSING

17 SEC. 503. (a) Notwithstanding the provisions of any  
18 other law, there are hereby transferred to the jurisdiction of  
19 the Department of Defense, effective July 1, 1956, all right,  
20 title, and interest, including contractual rights and obliga-  
21 tions and any reversionary interest, held by the Federal



- 1 Government in and with respect to all real and personal
- 2 property comprising the following housing projects:

Project Numbered	Location
ALA-1D1-----	Ozark, Alabama.
ALA-1D2-----	Ozark, Alabama.
ALA-2D1-----	Foley, Alabama.
ALA-2D2-----	Foley, Alabama.
ARIZ-1D1-----	Yuma, Arizona.
ARIZ-1D2-----	Yuma, Arizona.
ARIZ-3D1-----	Flagstaff, Arizona.
CAL-3D1-----	Oceanside, California.
CAL-3D2-----	Oceanside, California.
CAL-4D1-----	Miramar, California.
CAL-6D1-----	San Ysidro, California.
CAL-7D2-----	Barstow, California.
CAL-9D1-----	Barstow, California.
CAL-9D2-----	Barstow, California.
CAL-10D1-----	Twentynine Palms, California.
COLO-1D1-----	Colorado Springs, Colorado.
FLA-2D1-----	Green Cove Springs, Florida.
FLA-4D1-----	Milton, Florida.
FLA-8082-----	Pensacola, Florida.
FLA-8084-----	Pensacola, Florida.
GA-1D1-----	Hinesville, Georgia.
KAN-3D1-----	Hutchinson, Kansas.
ME-4D1-----	Brunswick, Maine.
MD-1D1-----	Bainbridge, Maryland.
MO-1D1-----	Waynesville, Missouri.
MO-2D1-----	Waynesville, Missouri.
MO-4D1-----	Waynesville, Missouri.
MO-5D1-----	Waynesville, Missouri.
NEV-2D1-----	Fallon, Nevada.
NC-1D1-----	Camp LeJeune, North Carolina.
NC-3D1-----	Camp LeJeune, North Carolina.
NC-4D1-----	Elizabeth City, North Carolina.
RI-1D1-----	Portsmouth, Rhode Island.
RI-2D1-----	Portsmouth, Rhode Island.
TEX-2D1-----	Kingsville, Texas.
TEX-3D1-----	Hondo, Texas.
TEX-5D1-----	Beeville, Texas.
TEX-5D2-----	Beeville, Texas.
TEX-6D1-----	Mission, Texas.
VA-6D1-----	Quantico, Virginia.
VA-10D1-----	Yorktown, Virginia.
VA-12D1-----	Yorktown, Virginia.
VA-13D1-----	Williamsburg, Virginia.

1 The provisions of title III of the Defense Housing and Com-  
2 munity Facilities and Services Act of 1951, as amended,  
3 and of the Act entitled "An Act to expedite the provision  
4 of housing in connection with national defense, and for other  
5 purposes", approved October 14, 1940, as amended, shall  
6 not apply to any property transferred hereunder and, except  
7 as otherwise provided herein, the laws relating to similar  
8 property of the Department of Defense shall be applicable  
9 to the property transferred. The Department of Defense  
10 is authorized to utilize any revenues derived from the prop-  
11 erty transferred hereunder, after its transfer, for the mainte-  
12 nance, operation, improvement, and liquidation of such prop-  
13 erty and for administrative expenses in connection therewith.

14 (b) Notwithstanding the provisions of this or any other  
15 law, any housing constructed or acquired under the pro-  
16 visions of title III of the Defense Housing and Community  
17 Facilities and Services Act of 1951, as amended, which  
18 is not transferred under the provisions of subsection (a)  
19 hereof shall, as expeditiously as possible, but not later  
20 than June 30, 1958, be disposed of on a competitive bid basis  
21 to the highest responsible bidder upon such terms and after  
22 such public advertisement as the Housing and Home Finance  
23 Administrator may deem in the public interest; except that



1 the Administrator may reject any bid which he deems less  
2 than the fair market value of the property and may there-  
3 after dispose of the property by negotiation: *Provided*, That  
4 the third proviso in section 302 (b) of such Act shall be  
5 applicable to housing disposed of under this subsection, except  
6 that project numbered IDA-2D1 at Cobalt, Idaho, shall be  
7 sold only for use on the site.

8 (c) The Housing and Home Finance Administrator is  
9 hereby directed to convey (pursuant to the provisions of  
10 section 606 of the Act entitled "An Act to expedite the  
11 provision of housing in connection with national defense, and  
12 for other purposes", approved October 14, 1940, as  
13 amended): (1) housing project numbered RI-37013 to  
14 the Housing Authority of the City of Newport, Rhode Island:  
15 *Provided*, That, notwithstanding the provisions of that section  
16 or of any other law, the agreement required by that section  
17 shall permit the use of the project in whole or in part for the  
18 housing of military personnel without regard to their income,  
19 and shall require the Authority, in selecting tenants, to give  
20 a first preference in respect of three hundred and sixty dwell-  
21 ing units to such military personnel as the Secretary of De-  
22 fense or his designee prescribes for three years after the date  
23 of conveyance and to give thirty days' advance notice of  
24 available vacancies to such designee, and (2) housing proj-  
25 ects numbered PA-36011 and PA-36012 to the Housing

1 Authority of Philadelphia, Pennsylvania: *Provided*, That  
2 notwithstanding the provisions of that section or of any other  
3 law, the agreement required by that section shall permit the  
4 use of the projects in whole or in part for the housing of  
5 military personnel without regard to their income, and shall  
6 require the Authority, in selecting tenants, to give a first  
7 preference in respect of seven hundred dwelling units to such  
8 military personnel as the Secretary of Defense or his designee  
9 prescribes for three years after the date of conveyance and  
10 to give thirty days' advance notice of available vacancies to  
11 such designee.

12 (d) Title VI of the Act entitled "An Act to expedite  
13 the provision of housing in connection with national defense,  
14 and for other purposes", approved October 14, 1940, as  
15 amended, is amended by adding at the end thereof the  
16 following new section:

17 "SEC. 614. (a) Notwithstanding the provisions of this  
18 or any other law, (1) any housing to be sold on site deter-  
19 mined by the Administrator to be permanent, located on  
20 lands owned by the United States and under the jurisdic-  
21 tion of the Administrator, which is not relinquished, trans-  
22 ferred, under contract of sale, sold, or otherwise disposed of  
23 by the Administrator under other provisions of this Act or  
24 under the provisions of other law by January 1, 1958, except  
25 housing which is determined by the Administrator by that



1 date to be suitable for sale in accordance with section 607  
2 (b) of this Act; and (2) any permanent housing to be  
3 sold off site which is not relinquished, transferred, under con-  
4 tract of sale, sold, or otherwise disposed of prior to the effec-  
5 tive date of this section shall be disposed of, as expeditiously  
6 as possible, on a competitive basis to the highest responsible  
7 bidder upon such terms and after such public advertisement  
8 as the Administrator may deem in the public interest; ex-  
9 cept that the Administrator may reject any bid which he  
10 deems less than the fair market value of the property and  
11 may thereafter dispose of the property by negotiation.

12 “(b) Notwithstanding the provisions of this or any  
13 other law, all contracts entered into after the enact-  
14 ment of the Housing Act of 1956 for the sale, transfer, or  
15 other disposal of housing (other than housing subject to the  
16 provisions of section 607 (b) of this Act) determined by the  
17 Administrator to be permanent, except contracts entered into  
18 pursuant to subsection (a) hereof, shall require that if title  
19 does not pass to the purchaser by April 1, 1958 (or within  
20 sixty days thereafter if such time is necessary to cure defects  
21 in title in accordance with the provisions of the contract), the  
22 rights of the purchaser shall terminate and thereafter the  
23 housing shall be sold under the provisions of subsection (a)  
24 hereof. For the purposes of this subsection, title shall be

1 considered to have passed upon the execution of a conditional  
2 sales contract.

3 “(c) The dates set forth in subsections (a) and (b)  
4 of this section shall not be subject to change by virtue of the  
5 provisions of section 611 of this Act.”

6 TRANSFER OF CERTAIN OTHER FEDERALLY-HELD PROPERTY

7 SEC. 504. (a) Notwithstanding any other provision of  
8 law, the Housing and Home Finance Administrator is au-  
9 thorized to sell and convey, at fair market value as deter-  
10 mined by him on the basis of an appraisal made by an inde-  
11 pendent real-estate expert, to the city of Alexandria, Vir-  
12 ginia, or to the Alexandria Redevelopment and Housing  
13 Authority, or to any agency or corporation established or  
14 sponsored in the public interest by such city, all of the right,  
15 title, and interest of the United States in and to the Chin-  
16 quapin Village housing project, VA-44131, located in Alex-  
17 andria, Virginia. Any sale pursuant to this authorization  
18 shall be made within six months after the date of the enact-  
19 ment of this subsection and shall be on such terms and con-  
20 ditions as the Administrator shall determine.

21 (b) (1) Notwithstanding any other provision of law,  
22 the Public Housing Commissioner is authorized and directed  
23 to sell and convey by quitclaim deed to the Georgia Insti-  
24 tute of Technology, upon full payment in cash of the pur-  
25 chase price determined under paragraph (2), all of the



1 right, title, and interest of the United States in and to that  
2 real property (including furniture, fixtures, and equipment  
3 located on the property on the date of the execution of the  
4 contract of sale under this subsection), situated in Atlanta,  
5 Georgia, known as the Techwood Dormitory and more par-  
6 ticularly described as follows:

7 Commencing at the intersection of the south line of  
8 North Avenue with the east line of Techwood Drive; thence  
9 running north 89 degrees 45 minutes east 94.47 feet along  
10 the south line of North Avenue to the east line of property  
11 formerly owned by Mrs. Emma L. Ellis; thence south 00  
12 degrees 12.5 minutes east 155.0 feet more or less to the  
13 south line of an alley formerly known as Linden Alley and  
14 the north line of property formerly owned by Mildred W.  
15 Seydel; thence north 89 degrees 45 minutes east along the  
16 south line of said alley 170.0 feet more or less to a point in  
17 the south side of said alley which is distant 100.0 feet  
18 westerly from the west line of William Street; thence south  
19 00 degrees 12.5 minutes east 290.0 feet more or less to a  
20 point on the south side of the former location of Linden  
21 Avenue, which point is 100.0 feet more or less west of the  
22 west line of Williams Street; thence running south 89 de-  
23 grees 45 minutes west 281.57 feet more or less along the

1 south side of the former location of Linden Avenue to its  
2 intersection with the east line of Techwood Drive; thence  
3 north 00 degrees 02 minutes east 293.88 feet more or less  
4 along the east line of Techwood Drive; thence north 6 de-  
5 grees 06 minutes east 151.98 feet more or less along the east  
6 line of Techwood Drive to its intersection with the south  
7 line of North Avenue and the point of beginning.

8 (2) The purchase price of the property referred to in  
9 paragraph (1) shall be the fair market value of the land  
10 described in such paragraph on the date of the execution of  
11 the contract of sale under this subsection, as determined by  
12 the Public Housing Commissioner, excluding for purposes  
13 of such determination the value of any buildings, furniture,  
14 fixtures, and equipment located on such land.

15 (3) If the property referred to in paragraph (1) is not  
16 sold and conveyed to the Georgia Institute of Technology  
17 within six months after the date of the enactment of this Act,  
18 the Public Housing Commissioner shall dispose of such prop-  
19 erty at public sale to the highest competitive bidder.

20 PAYMENTS IN LIEU OF TAXES

21 SEC. 505. Notwithstanding the provisions of any other  
22 law or any contract or rule of law, the Public Housing Com-  
23 missioner shall approve payments in lieu of taxes for project



- 1 fiscal years ending prior to April 1, 1956, by each of the
- 2 following local public agencies in the following amounts:

Housing Authority of the City of Houston (Texas)-----	\$200,324.82
Quincy Housing Authority (Illinois)-----	12,549.75
Housing Authority of the City of Fresno (California)-----	6,974.13
Reading Housing Authority (Pennsylvania)-----	11,106.59
Huntington West Virginia Housing Authority (West Vir- ginia)-----	13,049.38
Housing Authority of the City of Los Angeles (California)-	104,765.05
Housing Authority of the City of Monroe (Louisiana)-----	1,560.76
Housing Authority of the City of Dothan (Alabama)-----	1,238.46
Housing Authority of the City of Sacramento (California)-	13,149.18
Cincinnati Metropolitan Housing Authority (Ohio)-----	59,576.64

### 3 TITLE VI—MILITARY HOUSING

#### 4 ARMED SERVICES HOUSING MORTGAGE INSURANCE

5 SEC. 601. (a) Section 801 (g) of the National Hous-  
6 ing Act, as amended, is amended to read as follows:

7 “(g) The term ‘State’ includes the several States, and  
8 Alaska, Hawaii, Puerto Rico, the District of Columbia,  
9 Guam, the Virgin Islands, the Canal Zone, and Midway  
10 Island.”

11 (b) Section 803 (a) of such Act is amended by strik-  
12 ing out “1956” and inserting in lieu thereof “1959”.

13 (c) Section 803 (a) of such Act is further amended  
14 by striking out the first proviso and inserting in lieu thereof  
15 the following: “*Provided*, That the aggregate amount of  
16 principal obligations of all mortgages insured under this title  
17 (except mortgages insured pursuant to the provisions of  
18 this title in effect prior to the enactment of the Housing  
19 Amendments of 1955) shall not exceed \$2,475,000,000:”.

1 (d) Subparagraph (B) of section 803 (b) (3) of such  
2 Act is amended by striking out "\$13,500" each place it  
3 appears and inserting in lieu thereof "\$16,500".

4 (e) The last sentence of section 803 (c) of such Act  
5 is amended to read as follows: "The Commissioner may  
6 waive or reduce the payment of premiums provided for  
7 herein."

8 (f) Subparagraph (C) of section 803 (b) (3) of such  
9 Act, and sections 403 (a) and 403 (b) of the Housing  
10 Amendments of 1955, are amended by striking out "eligible  
11 builder" wherever it appears and inserting in lieu thereof  
12 "eligible bidder".

13 (g) Section 403 (a) of the Housing Amendments of  
14 1955 is amended by striking out "the builder" wherever it  
15 appears and inserting in lieu thereof "the mortgagor".

16 (h) Section 403 (a) of the Housing Amendments of  
17 1955 is further amended by striking out "with any builder".

18 (i) Section 405 of the Housing Amendments of 1955  
19 is amended by striking out "\$9,000,000" and inserting in  
20 lieu thereof "\$21,000,000".

21 (j) The second sentence of section 406 of the Housing  
22 Amendments of 1955 is amended by inserting after the  
23 colon immediately following the first proviso the following:  
24 "*Provided further*, That such plans, drawings, and specifi-  
25 cations shall follow the principle of modular measure, in



1 order that the housing may be built by conventional con-  
2 struction, on-site fabrication, factory pre-cutting, factory  
3 fabrication, or any combination of these construction  
4 methods:".

5 (k) Title IV of the Housing Amendments of 1955 is  
6 further amended by adding at the end thereof the follow-  
7 ing new section:

8 "SEC. 410. In the construction of housing under the  
9 authority of this title and title VIII of the National  
10 Housing Act, as amended, the maximum limitations on net  
11 floor area for each unit shall be the same as the net floor  
12 area permanent limitations prescribed in the second, third,  
13 and fourth provisos of section 3 of the Act of June 12,  
14 1948 (62 Stat. 375), or in section 3 of the Act of June 16,  
15 1948 (62 Stat. 459), other than the first, second, and third  
16 provisos thereof."

17 ACQUISITION OF WHERRY ACT HOUSING

18 SEC. 602. Section 404 of the Housing Amendments of  
19 1955 is amended to read as follows:

20 "SEC. 404. (a) It is the intent of the Congress that the  
21 military departments, with a view toward meeting military  
22 family housing requirements and in the interest of national  
23 defense, shall (1) acquire family housing projects constructed  
24 under the mortgage insurance provisions of title VIII of  
25 the National Housing Act as in effect prior to the

1 enactment of the Housing Amendments of 1955; (2)  
2 maintain and operate such projects; and (3) alter, improve,  
3 rehabilitate, or repair such projects, if necessary, so  
4 that the units therein are made adequate for assignment  
5 to military personnel and their dependents as public quarters.

6 “(b) For the purposes of this title, the Secretary of  
7 Defense or his designee shall acquire by purchase, donation,  
8 or other means of transfer, or shall cause proceedings to  
9 be instituted in any court having jurisdiction of such pro-  
10 ceedings to acquire by condemnation, any land or interest  
11 therein together with housing constructed thereon (in-  
12 cluding all personal property and chattels used in con-  
13 nection with the maintenance and operation of such housing)  
14 under the mortgage insurance provisions of title VIII of the  
15 National Housing Act as in effect prior to the enactment of  
16 the Housing Amendments of 1955; and may, if deemed  
17 necessary, alter, improve, rehabilitate, or repair any housing  
18 so acquired. For the purposes of this title, the Secretary  
19 or his designee may also acquire unimproved lands by pur-  
20 chase, donation, or other means of transfer, or cause pro-  
21 ceedings to be instituted in any court having jurisdiction of  
22 such proceedings to acquire such lands by condemnation.

23 “(c) (1) The determination of the price to be paid for  
24 any land or interest in land, together with the housing and  
25 any property included under the mortgage as security for



1 the outstanding principal obligation, purchased by the Sec-  
2 retary of Defense or his designee under this section, shall  
3 be made by the Commissioner upon the request and subject  
4 to the approval of the Secretary or his designee. Notwith-  
5 standing the provisions of any other law, such price (subject  
6 to paragraphs (2) and (3)) shall be the Commissioner's  
7 estimate of the replacement cost of such housing and related  
8 property (not including the value of any improvements  
9 installed or constructed with appropriated funds) as of the  
10 date of final endorsement for mortgage insurance, or the  
11 actual cost (as defined in section 227 (c) of the National  
12 Housing Act) of such housing and related property if the  
13 actual cost is less than the Commissioner's estimate of such  
14 replacement cost, adjusted to the current cost level as deter-  
15 mined by the Commissioner and reduced by an appropriate  
16 allowance for physical depreciation: *Provided*, That in any  
17 case where the Secretary or his designee acquires a project  
18 held by the Commissioner, the price paid shall not exceed  
19 the face value of the debentures (plus accrued interest  
20 thereon) which the Commissioner issued in acquiring such  
21 project.

22       “(2) The Secretary or his designee shall also acquire  
23 all personal property and chattels which are used in connec-  
24 tion with the maintenance and operation of such housing but  
25 which are not included under the mortgage as security for

1 the outstanding principal obligation, determining and adding  
2 the fair market value of such property and chattels to the  
3 price established under paragraph (1).

4 “(3) In acquiring any such housing, the Secretary  
5 or his designee shall assume or purchase subject  
6 to the balance due under the insured note or other  
7 evidence of indebtedness secured by the mortgage on such  
8 housing in accordance with the terms of such insured note or  
9 other evidence of indebtedness, and shall pay or agree to  
10 pay (in a lump sum or over a period not exceeding five  
11 years) the difference between the outstanding principal obli-  
12 gation thereof, plus accrued interest, and the purchase price  
13 as established pursuant to paragraphs (1) and (2); except  
14 that in no event shall the amount of the difference so paid or  
15 agreed to be paid exceed \$1,500 per unit. Unless such pay-  
16 ment is made in a lump sum, the unpaid balance thereof  
17 shall bear interest at the rate of 4 per centum per annum.  
18 The Commissioner may waive the adjusted premium charge  
19 in the case of projects purchased by the Secretary or his  
20 designee under this section.

21 “(d) Condemnation proceedings instituted pursuant to  
22 this section shall be conducted in accordance with the pro-  
23 visions of the Act of August 1, 1888 (25 Stat. 357; 40  
24 U. S. C., sec. 257), as amended, or any other applicable  
25 Federal statute. Before any such condemnation proceedings



1 are instituted, an effort shall be made to purchase the prop-  
2 erty involved at the price determined under subsection (c)  
3 of this section. In any condemnation proceedings instituted  
4 pursuant to this section, the court shall not order the party  
5 in possession to surrender possession in advance of final judg-  
6 ment unless a declaration of taking has been filed, and a de-  
7 posit of the amount estimated to be just compensation has  
8 been made, under the first section of the Act of February 26,  
9 1931 (46 Stat. 1421), providing for such declarations.  
10 Unless title is in dispute, the court, upon application, shall  
11 promptly pay to the owner at least 75 per centum of the  
12 amount so deposited, but such payment shall be made with-  
13 out prejudice to any party to the proceeding. In the event  
14 that condemnation proceedings are instituted in accordance  
15 with procedures under such Act of February 26, 1931, the  
16 court shall order that the amount deposited shall be paid  
17 in a lump sum or over a period not exceeding five years in  
18 accordance with stipulations executed by the parties in the  
19 proceedings. In connection with condemnation proceedings  
20 which do not utilize the procedures under such Act, the  
21 Secretary or his designee, after final judgment of the court,  
22 may pay or agree to pay in a lump sum or, in accordance  
23 with stipulations executed by the parties to the proceedings,  
24 over a period not exceeding five years the difference between  
25 the outstanding principal obligation, plus accrued interest,

1 and the price for the property fixed by the court. Unless  
2 such payment is made in a lump sum, the unpaid balance  
3 thereof shall bear interest at the rate of 4 per centum per  
4 annum.

5 “(e) Property acquired under this section may be  
6 occupied, used, and improved for the purposes of this sec-  
7 tion prior to the approval of title by the Attorney General  
8 as required by section 355 of the Revised Statutes, as  
9 amended.

10 “(f) The Secretary or his designee may, in the case of  
11 any housing acquired or to be acquired under this section,  
12 make arrangements with the mortgagee whereby such mort-  
13 gagee will agree to release and waive all requirements of  
14 accruals for reserves for replacement, taxes, and hazard in-  
15 surance provided for under the corporate charter and in-  
16 denture agreement with respect to such housing, upon the  
17 execution of a written agreement by the Secretary or his  
18 designee that the purposes for which such reserves and other  
19 funds were accrued will be carried out.

20 “(g) Any housing acquired under this section may be  
21 (1) assigned as public quarters to military personnel and  
22 their dependents; or (2) leased to military and civilian  
23 personnel for occupancy by them and their dependents, upon  
24 such terms and conditions as will in the judgment of the  
25 Secretary of Defense or his designee be in the best interest



1 of the United States, without loss to military personnel  
2 of their basic allowance for quarters or appropriate allot-  
3 ments. Amounts equal to the quarters allowances or appro-  
4 priate allotments of military personnel to whom such housing  
5 is assigned as public quarters under clause (1), and the  
6 rental charges realized under clause (2), shall be deposited  
7 in the revolving fund created by subsection (h).

8 “(h) There is hereby created a fund which shall be  
9 used by the Secretary of Defense or his designee as a re-  
10 volving fund for the purpose of paying the purchase price  
11 of housing and related property acquired under this section,  
12 paying interest, principal, mortgage insurance premiums,  
13 and other obligations (except those for maintenance and  
14 operation) with respect to such housing, and paying ex-  
15 penses incurred in the alteration, improvement, rehabilita-  
16 tion, and repair of such housing. The amounts and charges  
17 referred to in the last sentence of subsection (g) of this  
18 section, and any savings realized in the operation of section  
19 405, shall be deposited in such fund. For purposes of the  
20 preceding sentence, the term ‘savings realized in the oper-  
21 ation of section 405’ means the difference between the  
22 amount made available for payments under section 405  
23 and the amount actually used in making such payments.  
24 To establish such revolving fund there is authorized to be  
25 appropriated a sum not to exceed \$50,000,000.”

## TAXES ON CERTAIN LEASEHOLDS

SEC. 603. Section 408 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new sentence: "Nothing contained in title VIII of the National Housing Act (as in effect prior to the enactment of the Housing Amendments of 1955) or in any other law shall be construed to exempt from State or local taxes or assessments any right, title, or other interest of a lessee from the Federal Government in or with respect to any real or personal property covered by a mortgage insured under title VIII of the National Housing Act (as in effect prior to the enactment of the Housing Amendments of 1955): *Provided*, That, notwithstanding this sentence or any other provision or rule of law, if the fee simple or other title to, or remainder interest in, such property is held by the United States, no such taxes or assessments (not heretofore paid or encumbering such property or interest) on the interest of such lessee shall exceed the amount of taxes or assessments on other similar property of similar value minus such amount as the Commissioner determines to be equal to (1) any payments in lieu of taxes made by the Federal Government to the local taxing or other public agencies involved with respect to such property, plus (2) any expenditures made by the Federal Government for streets, utilities, and other services for or with respect to such property."



## TITLE VII—MISCELLANEOUS

## FARM HOUSING

SEC. 701. (a) The first sentence of section 511 of the Housing Act of 1949, as amended, is amended to read as follows: "The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making loans under this title (other than loans under section 504 (b)). The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending June 30, 1961, shall not exceed \$450,000,000."

(b) Section 512 of such Act is amended to read as follows:

## "CONTRIBUTIONS

"SEC. 512. In connection with loans made pursuant to section 503, the Secretary is authorized to make commitments for contributions aggregating not to exceed \$10,000,000 during the period beginning July 1, 1956, and ending June 30, 1961."

(c) Clause (b) of section 513 of such Act is amended to read as follows: "(b) not to exceed \$50,000,000 for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) during the period beginning July 1, 1956, and ending June 30, 1961; and".

(d) This section shall take effect on July 1, 1956.

## COLLEGE HOUSING

1  
2 SEC. 702. Section 401 (d) of the Housing Act of 1950  
3 is amended by striking out "\$500,000,000" and inserting in  
4 lieu thereof "\$750,000,000".

## PUBLIC FACILITY LOANS

5  
6 SEC. 703. Title II of the Housing Amendments of 1955  
7 is amended by adding at the end thereof the following new  
8 section:

9 "SEC. 206. As used in this title, the term 'States' means  
10 the several States, the District of Columbia, the Common-  
11 wealth of Puerto Rico, and the Territories and possessions  
12 of the United States."

## HOME OWNERS' LOAN ACT OF 1933

13  
14 SEC. 704. Section 5 (c) of the Home Owners' Loan  
15 Act of 1933 is amended by striking out "\$2,500" in the  
16 proviso at the end of the second paragraph and inserting in  
17 lieu thereof "\$3,500".

## FEDERAL HOME LOAN BANK ACT

18  
19 SEC. 705. Section 17 of the Federal Home Loan Bank  
20 Act is amended by adding at the end thereof the following  
21 new subsection:

22 "(c) The Board shall make a study of methods by  
23 which improvements may be made in the service of savings  
24 and loan associations so as to encourage thrift and home  
25 ownership, giving particular attention to the improvement



1 of credit facilities for savings and loan associations, the sepa-  
2 ration of credit functions and supervisory functions within  
3 the Federal Home Loan Bank System, and the amendment  
4 of existing law relating to liquidity requirements of savings  
5 and loan associations. The Board shall report its findings,  
6 together with any recommendations, to the Committees on  
7 Banking and Currency of the Senate and the House of  
8 Representatives not later than January 31, 1957. The  
9 Board shall have and exercise all of the functions vested in  
10 it on August 12, 1955, without regard to any provision of  
11 Reorganization Plan Numbered 2 of 1956, and (notwith-  
12 standing the provisions of the Reorganization Act of 1949  
13 or of any other law) such plan shall have no force or  
14 effect.”





84TH CONGRESS  
2d Session

**H. R. 11742**

[Report No. 2363]

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## **A BILL**

To extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes.

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By Mr. SPENCE

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JUNE 13, 1956

Referred to the Committee on Banking and Currency

JUNE 15, 1956

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed







June 29, 1956

# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued July 2, 1956  
For actions of June 29, 1956  
84th-2nd, o. 109

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HIGHLIGHTS: Senate passed mutual security bill. Both Houses agreed to conference report on Defense Department appropriation bill. Ready for President. House committee reported bill to authorize construction of Hells Canyon Dam. House committee reported area assistance bill. House conferees appointed on bill to improve Government accounting and obligation procedures. Rules Committee ordered housing bill tabled. Jt. Committee on Atomic Energy ordered reported bills to accelerate civilian atomic power program. Sen. Humphrey criticized handling of security cases by this Department.

## HOUSE

1. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 10986, the Defense Department appropriation bill for 1957. pp. 10230, 10315. This bill is now ready for the President.
2. SURPLUS COMMODITIES. Conferees were appointed on H. R. 9893, to authorize certain military construction. The bill authorizes the Secretary of Defense to use for family housing construction in foreign countries, foreign currencies not to exceed \$250 million acquired through provisions of the Agricultural Trade Development and Assistance Act or other commodity transactions of CCC. Senate conferees were appointed on June 28. p. 10229
3. MILK IMPORTS. The Agriculture Committee reported with amendment H. R. 609, to extend the Federal Import Milk Act to Alaska (H. Rept. 2536). p. 10300
4. RECLAMATION; ELECTRIFICATION. The Interior and Insular Affairs Committee reported with amendment H. R. 4719, to authorize the construction, operation, and maintenance of the Hells Canyon Dam on the Snake River between Idaho and Oregon (H. Rept. 2542). p. 10300



5. AREA ASSISTANCE. The Banking and Currency Committee reported with amendment H. R. 11811, to alleviate conditions of excessive unemployment and under-employment in depressed industrial and rural areas (H. Rept. 2543). p. 10300
6. ACCOUNTING. Conferees were appointed on H. R. 9593, to simplify Federal accounting practices and facilitate the payment of obligations. p. 10235 (Senate conferees have not been appointed.)
7. HOUSING. The Rules Committee ordered tabled H. R. 11742, the housing bill. p. D714
8. EDUCATION. Continued debate on H. R. 7535, to authorize Federal Assistance to the States and local communities financing an expanded program of school construction so as to eliminate the national shortage of classrooms. pp. 10240, 10275, 10286
9. ATOMIC ENERGY. The Joint Committee on Atomic Energy ordered reported S. 4146 and H. R. 12061, to accelerate the civilian atomic power program in the U. S. p. D715
10. PERSONNEL. Both Houses received from the Presidential Adviser on Personnel Management a proposed bill "to consolidate and revise certain provisions of law relating to additional compensation of civilian employees of the Federal Government stationed in foreign areas and to facilitate recruitment, reduce turnover, and compensate for extra costs and hardships due to overseas assignments"; to the Post Office and Civil Service Committees. pp. 10299, 10303  
Received from the Health, Education, and Welfare Department a proposed bill "to encourage the extension and improvement of voluntary health prepayment plans or policies"; to the Interstate and Foreign Commerce Committee. p. 10299
11. TEXTILES. Rep. Alexander criticized the present import allowances on certain clothing and textiles, and urged that trade limitations be imposed on Japanese textiles imports. p. 10292
12. TOBACCO. Rep. Cramer urged that certain tariff adjustments be made on behalf of the Spanish All-Havana Cigar Industry of Tampa, Fla., because of the adverse effect on this industry created by the Cuban cigar industry. p. 10283
13. LEGISLATIVE PROGRAM. Rep. McCormack announced the following legislative program for July 2-6: Mon., the Consent Calendar, the small flood control projects bill, the fisheries bill, and the rule on the postal rate increase bill; Tues., Private Calendar, the postal rate increase bill; Wed., no session; Thurs. and Fri., the school construction program bill for Federal affected areas, and the CCC borrowing authority increase bill. pp. 10229, 10274
14. ADJOURNED until Mon., July 2. pp. 10229, 10299

SENATE

15. FOREIGN AID. Passed with amendments H. R. 11356, the mutual security bill, by a vote of 54 to 25 (p. 10317). Agreed to amendments by Sen. Dirksen to authorize obligations in advance of appropriations authorized in the bill, and to authorize an additional \$5 million for information, relief, exchange of persons, education and resettlement programs (p. 10320), by Sen. Humphrey, as modified, for the greater promotion of economic development in underdeveloped







84TH CONGRESS  
2D SESSION

# H. R. 12328

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## IN THE HOUSE OF REPRESENTATIVES

JULY 20, 1956

Mr. WIDNALL introduced the following bill; which was referred to the Committee on Banking and Currency

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## A BILL

To extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Housing Act of 1956".

### 4           TITLE I—FHA INSURANCE PROGRAMS

#### 5                   PROPERTY IMPROVEMENT LOANS

6       SEC. 101. (a) (1) Section 2 (a) of the National Hous-  
7       ing Act is amended by striking out "September 30, 1956"  
8       and inserting in lieu thereof "September 30, 1959".

9       (2) The proviso in the second paragraph of section 2  
10      (a) of such Act is amended to read as follows: ": *Provided,*



1 That this clause (iii) may in the discretion of the Com-  
2 missioner be waived with respect to the period of occupancy  
3 or completion of any such new residential structures”.

4 (b) Section 2 (b) of such Act is amended—

5 (1) by striking out “made for the purpose of  
6 financing the alteration, repair, or improvement of exist-  
7 ing structures exceeds \$2,500, or for the purpose of  
8 financing the construction of new structures exceeds  
9 \$3,000” and inserting in lieu thereof “exceeds \$3,500”;  
10 (2) by striking out “three years” and inserting in  
11 lieu thereof “five years”; and

12 (3) by striking out “\$10,000” and inserting in  
13 lieu thereof “\$15,000 nor an average amount of \$2,500  
14 per family unit”.

15 (c) Section 2 (b) of such Act is further amended by  
16 striking out “*Provided, That*” and inserting in lieu thereof  
17 the following: “*Provided, That* any such obligation with  
18 respect to which insurance is granted under this section on  
19 or after sixty days from the date of the enactment of this  
20 proviso shall bear interest, and insurance premium charges,  
21 not exceeding (A) an amount, with respect to so much  
22 of the net proceeds thereof as does not exceed \$2,500,  
23 equivalent to \$5 discount per \$100 of original face amount  
24 of a one-year note payable in equal monthly installments,  
25 plus (B) an amount, with respect to any portion of the net

1 proceeds thereof in excess of \$2,500, equivalent to \$4 dis-  
 2 count per \$100 of original face amount of such a note: *Pro-*  
 3 *vided further*, That the amounts referred to in clauses (A)  
 4 and (B) of the preceding proviso, when correctly based on  
 5 tables of calculations issued by the Commissioner or adjusted  
 6 to eliminate minor errors in computation in accordance with  
 7 requirements of the Commissioner, shall be deemed to comply  
 8 with such proviso: *Provided further*, 'That'".

#### 9 SALES HOUSING INSURANCE

10 SEC. 102. (a) Section 203 (b) (2) of the National  
 11 Housing Act is amended by striking out "(but, in any  
 12 case where the dwelling is not approved for mortgage in-  
 13 surance prior to the beginning of construction, 90 per  
 14 centum)" and inserting in lieu thereof the following: "(but,  
 15 in any case where the dwelling is not approved for mortgage  
 16 insurance prior to the beginning of construction, unless the  
 17 construction of the dwelling was completed more than one  
 18 year prior to the application for mortgage insurance, 90  
 19 per centum)".

20 (b) The first proviso in section 203 (b) (2) of such  
 21 Act is amended to read as follows: ": *Provided*, That if the  
 22 mortgagor is not the occupant of the property the prin-  
 23 cipal obligation of the mortgage shall not exceed an amount  
 24 equal to 90 per centum of the amount computed under the  
 25 foregoing provisions of this paragraph (2)".



1 (c) Section 203 (h) of such Act is amended by strik-  
2 ing out "\$7,000" and inserting in lieu thereof "\$12,000".

3 RENTAL HOUSING INSURANCE

4 SEC. 103. (a) Section 207 (c) (2) of the National  
5 Housing Act is amended by striking out "80 per centum"  
6 and inserting in lieu thereof "90 per centum".

7 (b) Section 207 (c) (3) of such Act is amended to  
8 read as follows:

9 " (3) not to exceed, for such part of such property  
10 or project as may be attributable to dwelling use, \$2,250  
11 per room (or \$8,100 per family unit if the number of  
12 rooms in such property or project is less than four per  
13 family unit) or not to exceed \$1,000 per space or  
14 \$300,000 per mortgage for trailer courts or parks:  
15 *Provided*, That as to projects to consist of elevator type  
16 structures, the Commissioner may, in his discretion,  
17 increase the dollar amount limitation of \$2,250 per room  
18 to not to exceed \$2,700 per room and the dollar amount  
19 limitation of \$8,100 per family unit to not to exceed  
20 \$8,400 per family unit, as the case may be, to compen-  
21 sate for the higher costs incident to the construction  
22 of elevator type structures of sound standards of con-  
23 struction and design; except that the Commissioner may,  
24 by regulation, increase any of the foregoing dollar  
25 amount limitations per room contained in this para-

graph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require.”

### HOUSING FOR THE ELDERLY

SEC. 104. (a) Section 203 (b) (2) of the National Housing Act is amended by striking out the final period and inserting in lieu thereof a comma and the following: “except that with respect to a mortgage executed by a mortgagor who is sixty years of age or older as of the date the mortgage is accepted for insurance, the mortgagor’s payment required by this proviso may be paid by a corporation or person other than the mortgagor under such terms and conditions as the Commissioner may prescribe.”

(b) Section 207 (b) of such Act is amended—

(1) by inserting “(except provisions relating to housing for elderly persons)” before “to take” in the unnumbered paragraph immediately following paragraph (2) ; and

(2) by inserting “(except with respect to housing designed for elderly persons, with occupancy preference therefor, as provided in the paragraph following paragraph (3) of subsection (c) )” after “hereunder” in the second unnumbered paragraph following paragraph (2) .

(c) Section 207 (c) of such Act is amended by striking out the unnumbered paragraph immediately following para-



1 graph (3) and inserting in lieu thereof the following new  
2 paragraph:

3 “Notwithstanding any of the limitations contained in  
4 paragraphs (2) and (3) of this subsection, if the entire  
5 property or project is specially designed for the use and  
6 occupancy of elderly persons in accordance with standards  
7 established by the Commissioner and the mortgagor is a  
8 financially qualified nonprofit organization acceptable to the  
9 Commissioner, the mortgage may involve a principal obli-  
10 gation not in excess of \$8,100 per family unit for such part  
11 of such property as may be attributable to dwelling use and  
12 not in excess of 90 per centum of the amount which the  
13 Commissioner estimates will be the replacement cost of  
14 such property or project when the proposed physical im-  
15 provements are completed: *Provided*, That the Commissioner  
16 shall prescribe such procedures as in his judgment are neces-  
17 sary to secure to elderly persons priorities in occupancy of  
18 the units designed for their use.”

19 COOPERATIVE HOUSING INSURANCE

20 SEC. 105. (a) Section 213 (b) (2) of the National  
21 Housing Act is amended—

22 (1) by striking out “65 per centum” and inserting  
23 in lieu thereof “50 per centum”;

24 (2) by amending the last proviso to read as follows:  
25 “*And provided further*, That for the purposes of this

section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after April 6, 1917, and prior to November 12, 1918, or on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to February 1, 1955"; and

(3) by inserting immediately after "\$8,900" a semicolon and the following: "except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations per room contained in this paragraph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require".

(b) Section 213 of such Act is further amended by adding at the end thereof the following new subsection:

"(h) The provisions of this section may be extended, at the discretion of the Commissioner, to an insured mortgage transaction initially insured under the provisions of section 207 where the applicant for insurance under section 207 indicates that such project is intended to be converted later to a cooperative housing project as defined in section 213 (a) (1)."

#### GENERAL MORTGAGE INSURANCE AUTHORIZATION

SEC. 106. Section 217 of the National Housing Act is amended—



1           (1) by striking out "July 1, 1955" in the first sen-  
2           tence and inserting in lieu thereof "July 1, 1956";

3           (2) by striking out "\$4,000,000,000" in the first  
4           sentence and inserting in lieu thereof "\$3,000,000,000";  
5           and

6           (3) by striking out "section 2" in the first and  
7           second sentences and inserting in lieu thereof "section  
8           2 and section 803".

9                               HOUSING IN URBAN RENEWAL AREAS

10          SEC. 107. (a) Section 220 (d) (3) (B) (ii) of the  
11          National Housing Act is amended by inserting after "Com-  
12          missioner" in the parenthetical phrase a comma and the fol-  
13          lowing: "and shall include an allowance for builder's and  
14          sponsor's profit and risk of 10 per centum of all of the fore-  
15          going items except the land unless the Commissioner, after  
16          certification that such allowance is unreasonable, shall by  
17          regulation prescribe a lesser percentage".

18          (b) Section 220 (d) (3) (B) (iii) of such Act is  
19          amended by striking out in the first proviso thereof all that  
20          follows "construction and design" and inserting in lieu  
21          thereof a colon and the following: "*Provided further, That*  
22          the Commissioner may, by regulation, increase any of the  
23          foregoing dollar amount limitations by not to exceed \$1,000  
24          per room or per family unit, as the case may be, in any  
25          geographical area where he finds that cost levels so require".

## 1           LOW-COST HOUSING FOR DISPLACED FAMILIES

2           SEC. 108. Section 221 (d) of the National Housing Act  
3 is amended—

4           (1) by striking out “\$7,600” in paragraphs (2)  
5 and (3) and inserting in lieu thereof “\$9,000”;

6           (2) by striking out “\$8,600” in paragraphs (2)  
7 and (3) and inserting in lieu thereof “\$10,000”;

8           (3) by striking out “95 per centum of the ap-  
9 praised value (as of the date the mortgage is accepted  
10 for insurance) of a property, upon which there is located  
11 a dwelling designed principally for a single-family resi-  
12 dence: *Provided*, That the mortgagor shall be the owner  
13 and occupant of the property at the time of the insurance  
14 and shall have paid on account of the property at least  
15 5 per centum of the Commissioner’s estimate of the  
16 cost of acquisition in cash or its equivalent” in para-  
17 graph (2) and inserting in lieu thereof the following:  
18 “the appraised value (as of the date the mortgage is  
19 accepted for insurance) of a property upon which there  
20 is located a dwelling designed principally for a single-  
21 family residence, less such amount as may be necessary  
22 to comply with the succeeding proviso: *Provided*, That  
23 the mortgagor shall be the owner and occupant of the  
24 property at the time of the insurance and shall have



1       paid on account of the property at least \$200 in cash  
2       or its equivalent (which amount may include amounts  
3       to cover settlement costs and initial payments for taxes,  
4       hazard insurance, mortgage insurance premium, and  
5       other prepaid expenses) ”;

6               (4) by striking out “95 per centum of” in para-  
7       graph (3) ;

8               (5) by striking out “agencies thereof” in para-  
9       graph (3) and inserting in lieu thereof “agencies there-  
10      of or the Federal Housing Commissioner”; and

11              (6) by striking out “thirty” in paragraph (4) and  
12      inserting in lieu thereof “forty”.

13                               APPROVAL OF COST CERTIFICATIONS

14      SEC. 109. Section 227 of the National Housing Act is  
15      amended—

16              (1) by inserting after the first sentence the follow-  
17      ing new sentence: “Upon the Commissioner’s approval  
18      of the mortgagor’s certification as required hereunder,  
19      such certification shall be final and incontestable, except  
20      for fraud or material misrepresentation on the part of  
21      the mortgagor.”;

22              (2) by inserting after “legal expenses,” each place  
23      it appears in paragraph (c) the following: “such allo-  
24      cations of general overhead items as are acceptable to  
25      the Commissioner,”;

(3) by inserting after “maximum insurable mortgage amount” in paragraph (b) a semicolon and the following: “except that if the mortgage is to assist the financing of repair or rehabilitation and no part of the proceeds will be used to finance the purchase of the land or structure involved, the approved percentage shall be 100 per centum”; and by striking out “(without reduction by reason of the application of the approved percentage requirements of this section)” in clause (ii) (B) of paragraph (c) ;

(4) by amending the proviso in paragraph (c) to read as follows: “: *Provided*, That such additional amount under (A) of this clause (ii) shall in no event exceed the Commissioner’s estimate of the fair market value of such land and improvements prior to such repair or rehabilitation, and such additional amount under (B) of this clause (ii) shall in no event exceed the approved percentage of the Commissioner’s estimate of the fair market value of such land and improvements prior to such repair or rehabilitation”; and

(5) by adding at the end of paragraph (c) the following: “In the case of a mortgage insured under section 220 where the mortgagor is also the builder as defined by the Commissioner, there shall be included in the actual cost, in lieu of the allowance for builder’s



1 profit under clause (i) or (ii) of the preceding sentence,  
2 an allowance for builder's and sponsor's profit and risk  
3 of 10 per centum (unless the Commissioner, after find-  
4 ing that such allowance is unreasonable, shall by regu-  
5 lation prescribe a lesser percentage) of all other items  
6 entering into the term 'actual cost' except land or  
7 amounts paid for a leasehold and amounts included un-  
8 der either (A) or (B) of clause (ii) of the preceding  
9 sentence. In the case of a mortgage insured under sec-  
10 tion 220 where the mortgagor is not also the builder  
11 as defined by the Commissioner, there shall be included  
12 in the actual cost an allowance for sponsor's profit and  
13 risk of the said 10 per centum or lesser percentage of  
14 all other items entering into the term 'actual cost' ex-  
15 cept land or amounts paid for a leasehold, amounts in-  
16 cluded under either (A) or (B) of the said clause (ii),  
17 and amounts paid by the mortgagor under a general  
18 construction contract."

19 TITLE II—SECONDARY MORTGAGE MARKET

20 SEC. 201. (a) Section 302 (b) of the National Hous-  
21 ing Act is amended—

22 (1) by striking out "and (2)" and inserting in  
23 lieu thereof "(2)";

24 (2) by striking out "if (i)" and inserting in  
25 lieu thereof "if"; and

(3) by striking out “or (ii) the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage” and inserting in lieu thereof “; and (3) the Association may not purchase any mortgage, except a mortgage insured under section 803 or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage”.

SEC. 202. Section 303 (b) of such Act is amended by striking out the first sentence and inserting: “The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions equal to 2 per centum of the unpaid principal amounts of mortgages purchased or to be purchased by the Association from such seller or equal to such other greater or lesser percentage, but not less than 1 per centum thereof, as the Association may determine from time to time, taking into consideration conditions in the mortgage market and the general economy.”

SEC. 203. Section 304 (a) of such Act is amended by striking out “at the market price” in the second sentence and inserting “within the range of market prices”.



1        SEC. 204. (a) Section 304 (a) of such Act is amended  
2        by adding at the end thereof the following new sentence:  
3        “Notwithstanding any other provision of this section, advance  
4        commitments to purchase mortgages in secondary market  
5        operations under this section shall be issued only at prices  
6        which are sufficient to facilitate advance planning of home  
7        construction, but which are sufficiently below the price then  
8        offered by the Association for immediate purchase to prevent  
9        excessive sales to the Association pursuant to such commit-  
10        ments.”

11        (b) Section 304 (d) of such Act is amended to read  
12        as follows:

13        “(d) The Association may not purchase participations  
14        in its operations under this section.”

15        SEC. 205. Section 305 (f) of such Act is amended by  
16        striking out “by the Housing Amendments of 1955” and  
17        inserting in lieu thereof “on or after August 11, 1955”.

18        SEC. 206. Section 305 (e) of such Act is amended—

19                (1) by inserting “and purchase transactions” after  
20        the words “advance commitment contracts”;

21                (2) inserting “or transactions” after the words “if  
22        such commitments”; and

23                (3) by striking out “but not more than \$5,000,000  
24        of such authorization shall be available for such commit-  
25        ments in any one State” and inserting in lieu thereof

1        “but such commitments in any one State shall not exceed  
2        \$5,000,000 outstanding at any one time”.

3 SEC. 207. So much of section 305 (c) of such Act as  
4 precedes the proviso is amended by striking out “purchasers”  
5 and inserting in lieu thereof “purchases”.

6 SEC. 208. (a) The last sentence of section 306 (c) of  
7 such Act is amended by striking out “and subsection (e)  
8 of this section”.

9 (b) Section 306 (e) of such Act is repealed.

10 TITLE III—SLUM CLEARANCE AND URBAN  
11 RENEWAL

12        SEC. 301. Section 102 (d) of the Housing Act of 1949  
13 is amended by adding at the end thereof the following:  
14 “Notwithstanding section 110 (h) or the use in any other  
15 provision of this title of the term “local public agency” or  
16 “local public agencies” the Administrator may make ad-  
17 vances of funds under this subsection for surveys and plans  
18 for an urban renewal project (including General Neighbor-  
19 hood Renewal Plans as hereinafter defined) to a single local  
20 public body which has the authority to undertake and carry  
21 out a substantial portion, as determined by the Administrator,  
22 of the surveys and plans or the project respecting which  
23 such surveys and plans are to be made: *Provided*, That the  
24 application for such advances shows, to the satisfaction of the  
25 Administrator, that the filing thereof has been approved



1 by the public body or bodies authorized to undertake the  
2 other portions of the surveys and plans or of the project  
3 which the applicant is not authorized to undertake.”

4 SEC. 302. (a) (1) Section 105 (a) of the Housing  
5 Act of 1949 is amended by striking out “(including any  
6 redevelopment plan constituting a part thereof)”.

7 (2) Section 110 (b) of such Act is amended by  
8 inserting “and” after the semicolon at the end of clause  
9 (1), and by striking out “; and (3)” and all that follows  
10 and inserting in lieu thereof a period.

11 (b) (1) Section 110 (c) of such Act is amended to  
12 read as follows:

13 “(c) ‘Urban renewal project’ or ‘project’ may include  
14 undertakings and activities of a local public agency in an  
15 urban renewal area for the elimination and for the prevention  
16 of the development or spread of slums and blight, and may  
17 involve slum clearance and redevelopment in an urban re-  
18 newal area, or rehabilitation or conservation in an urban  
19 renewal area, or any combination or part thereof, in accord-  
20 ance with such urban renewal plan. Such undertakings and  
21 activities may include—

22 “(1) acquisition of (i) a slum area or a dete-  
23 riorated or deteriorating area, or (ii) land which is pre-  
24 dominantly open and which because of obsolete platting,  
25 diversity of ownership, deterioration of structures or of

1 site improvements, or otherwise, substantially impairs or  
2 arrests the sound growth of the community, or (ii)  
3 open land necessary for sound community growth which  
4 is to be developed for predominantly residential uses:  
5 *Provided*, That the requirement in paragraph (a) of  
6 this section that the area be a slum area or a blighted,  
7 deteriorated or deteriorating area shall not be appli-  
8 cable in the case of an open land project;

9 “(2) demolition and removal of buildings and im-  
10 provements;

11 “(3) installation, construction, or reconstruction  
12 of streets, utilities, parks, playgrounds, and other im-  
13 provements necessary for carrying out in the urban  
14 renewal area the urban renewal objectives of this title  
15 in accordance with the urban renewal plan;

16 “(4) disposition of any property acquired in the  
17 urban renewal area (including sale, initial leasing or  
18 retention by the local public agency itself) at its fair  
19 value for uses in accordance with the urban renewal  
20 plan;

21 “(5) carrying out plans for a program of voluntary  
22 repair and rehabilitation of buildings or other improve-  
23 ments in accordance with the urban renewal plan; and

24 “(6) acquisition of any other real property in the



1 urban renewal area where necessary to eliminate un-  
2 healthful, insanitary or unsafe conditions, lessen density,  
3 eliminate obsolete or other uses detrimental to the public  
4 welfare, or otherwise to remove or prevent the spread  
5 of blight or deterioration, or to provide land for needed  
6 public facilities.

7 “For the purposes of this title, the term ‘project’ shall  
8 not include the construction or improvement of any building,  
9 and the term ‘redevelopment’ and derivatives thereof shall  
10 mean development as well as redevelopment. For any of  
11 the purposes of section 109 hereof, the term ‘project’ shall  
12 not include any donations or provisions made as local grants-  
13 in-aid and eligible as such pursuant to clauses (2) and (3)  
14 of section 110 (d) hereof.

15 “Financial assistance shall not be extended under this  
16 title with respect to any urban renewal area which is not  
17 clearly predominantly residential in character unless such area  
18 will be a predominantly residential area under the urban re-  
19 newal plan therefor: *Provided*, That, where such an area which  
20 is not clearly predominantly residential in character contains  
21 a substantial number of slum, blighted, deteriorated, or deterio-  
22 rating dwellings or other living accommodations, the elimi-  
23 nation of which would tend to promote the public health,  
24 safety, and welfare in the locality involved and such area is  
25 not appropriate for predominantly residential uses, the Ad-

1 administrator may extend financial assistance for such a project,  
2 but the aggregate of the capital grants made pursuant to this  
3 title with respect to such projects shall not exceed 10 per  
4 centum of the total amount of capital grants authorized by  
5 this title.

6 “In addition to all other powers hereunder vested, where  
7 land within the purview of clause (1) (ii) or (1) (iii)  
8 of the first paragraph of this subsection (whether it be pre-  
9 dominantly residential or nonresidential in character) is  
10 to be redeveloped for predominantly nonresidential uses,  
11 loans and advances under this title may be extended therefor  
12 if the governing body of the local public agency determines  
13 that such redevelopment for predominantly nonresidential  
14 uses is necessary and appropriate to facilitate the proper  
15 growth and development of the community in accordance  
16 with sound planning standards and local community objec-  
17 tives and to afford maximum opportunity for the redevelop-  
18 opment of the project area by private enterprise: *Provided,*  
19 That loans and outstanding advances to any local public  
20 agency pursuant to the authorization of this sentence shall  
21 not exceed  $2\frac{1}{2}$  per centum of the estimated gross project costs  
22 of the projects undertaken under other contracts with such  
23 local public agency pursuant to this title.”

24 (2) The first sentence of section 110 (d) of such Act  
25 is amended by striking out the words “either the second or



1 third sentence” in clause (2) and inserting “the second  
2 sentence”.

3 (c) The first sentence of section 110 (d) of such Act  
4 is amended by striking out the phrase “, public facilities  
5 financed by special assessments against land in the project  
6 area,” in clause (3) and adding the following proviso before  
7 the period at the end of the sentence: “: *And provided fur-*  
8 *ther*, That in any case where a public facility furnished as a  
9 local grant-in-aid is financed in whole or in part by special  
10 assessments against real property in the project area acquired  
11 by the local public agency as part of the project, an amount  
12 equal to the total special assessments against such real  
13 property (or, in the case of a computation pursuant to the  
14 proviso immediately preceding, the estimated amount of  
15 such total special assessments) shall be deducted from the  
16 cost of such facility for the purpose of computing the amount  
17 of the local grants-in-aid for the project”.

18 (d) Section 110 (e) of such Act is amended by adding  
19 the following at the end thereof: “Where real property in  
20 the project area is acquired and is owned as part of the project  
21 by the local public agency and such property is not subject to  
22 ad valorem taxes by reason of its ownership by the local  
23 public agency and payments in lieu of taxes are not made  
24 on account of such property, there may (with respect to  
25 any project for which a contract of Federal assistance under

1 this title is in force or is hereafter executed) be included, at  
2 the discretion of the Administrator, in gross project cost an  
3 amount equal to the ad valorem taxes which would have  
4 been levied upon such property if it had been subject to  
5 ad valorem taxes, but in all cases prorated for the period  
6 during which such property is owned by the local public  
7 agency as part of the project, and such amount shall also be  
8 considered a cash local grant-in-aid within the purview of  
9 section 110 (d) hereof. Such amount, and the amount of  
10 taxes or payments in lieu of taxes included in gross project  
11 cost, shall be subject to the approval of the Administrator  
12 and such rules, regulations, limitations, and conditions as he  
13 may prescribe.”

14 SEC. 303. (a) Section 102 (d) of the Housing Act of  
15 1949 is amended by adding the following at the end thereof:

16 “In order to facilitate proper preliminary planning for  
17 the attainment of the urban renewal objectives of this title,  
18 the Administrator may also make advances of funds (in addi-  
19 tion to those authorized above) to local public agencies for  
20 the preparation of General Neighborhood Renewal Plans (as  
21 herein defined) for urban renewal areas of such scope that  
22 the urban renewal activities therein may have to be carried  
23 out in stages, consistent with the capacity and resources of  
24 the respective local public agency, over an estimated period  
25 of not more than ten years. No contract for advances for



1 the preparation of a General Neighborhood Renewal Plan  
2 may be made unless the Administrator has determined that:

3 “(1) in the interest of sound community planning,  
4 it is desirable that the urban renewal area be planned  
5 for urban renewal purposes in its entirety;

6 “(2) the local public agency proposes to under-  
7 take promptly an urban renewal project embracing at  
8 least ten per centum of such area, upon completion of  
9 the General Neighborhood Renewal Plan and the prep-  
10 aration of an urban renewal plan for such project; and

11 “(3) the governing body of the locality has by  
12 resolution or ordinance (i) approved the undertaking of  
13 the General Neighborhood Renewal Plan and the sub-  
14 mission of an application for such advance and (ii)  
15 represented that such plan will be used to the fullest  
16 extent feasible as a guide for the provision of public  
17 improvements in such area and that the plan will be  
18 considered in formulating codes and other regulatory  
19 measures affecting property in the area and in under-  
20 taking other local governmental activities pertaining to  
21 the development, redevelopment, rehabilitation, and  
22 conservation of the area.

23 The contract for any such advance of funds for a General  
24 Neighborhood Renewal Plan shall be made upon the condi-  
25 tion that such advance shall be repaid, with interest at not

1 less than the applicable going Federal rate, out of any moneys  
2 which become available to the local public agency for the  
3 undertaking of the first urban renewal project in such area:  
4 *Provided*, That in the event of the undertaking of any other  
5 project or projects in such area an appropriate allocation  
6 of the amount of the advance, with interest, may be effected  
7 to the end that each such project may bear its proper allocable  
8 part, as determined by the Administrator, of the cost of the  
9 General Neighborhood Renewal Plan. As used herein,  
10 a General Neighborhood Renewal Plan means a preliminary  
11 plan (conforming, in the determination of the governing  
12 body of the locality, to the general plan of the locality as  
13 a whole and to the workable program of the community  
14 meeting the requirements of section 101) which outlines  
15 the urban renewal activities proposed for the area involved,  
16 provides a framework for the preparation of urban renewal  
17 plans and indicates generally, to the extent feasible in pre-  
18 liminary planning, the land uses, population density, build-  
19 ing coverage, prospective requirements for rehabilitation and  
20 improvement of property, and any portions of the area con-  
21 templated for clearance and redevelopment.”

22 (b) Section 102 (d) of such Act is further amended by  
23 striking out “The Administrator may make advances of funds  
24 to local public agencies for” and inserting in lieu thereof “The  
25 Administrator may make advances of funds to local public



1 agencies for surveys of urban areas to determine whether  
2 the undertaking of urban renewal projects therein may be  
3 feasible and for”.

4 SEC. 304. Section 106 (e) of the Housing Act of 1949  
5 is amended by striking out “\$70,000,000” and inserting  
6 in lieu thereof “\$100,000,000”.

7 SEC. 305. Section 106 of such Act is further amended  
8 by adding at the end thereof the following new subsection:

9 “(f) (1) Notwithstanding any other provision of this  
10 title, an urban renewal project respecting which a contract  
11 for a capital grant is executed under this title may include  
12 the making of relocation payments (as defined in para-  
13 graph (2) ) ; and such contract shall provide that the capital  
14 grant otherwise payable under this title shall be increased  
15 by an amount equal to such relocation payments and that  
16 no part of the amount of such relocation payments shall be  
17 required to be contributed as part of the local grant-in-aid.

18 “(2) As used in this subsection, the term ‘relocation  
19 payments’ means payments by a local public agency, in  
20 connection with a project, to individuals, families, and busi-  
21 ness concerns for their reasonable and necessary moving  
22 expenses and any actual direct losses of property except  
23 goodwill or profit (which are incurred on and after the date  
24 of the enactment of the Housing Act of 1956, and for which  
25 reimbursement or compensation is not otherwise made)

1 resulting from their displacement by an urban renewal  
2 project included in an urban renewal area respecting which  
3 a contract for capital grant has been executed under this  
4 title. Such payments shall be made subject to such rules  
5 and regulations prescribed by the Administrator as are in  
6 effect on the date of execution of the contract for capital  
7 grant (or the date on which the contract is amended pur-  
8 suant to paragraph (3)), and shall not exceed \$100 in  
9 the case of an individual or family, or \$2,000 in the case of  
10 a business concern.

11 “(3) Any contract with a local public agency which  
12 was executed under this title before the date of the enactment  
13 of the Housing Act of 1956 may be amended to provide  
14 for payments under this subsection for expenses and losses  
15 incurred on or after such date.”

16 SEC. 306. (a) Title I of the Housing Act of 1949 is  
17 amended by adding at the end thereof the following new  
18 section:

19 “DISASTER AREAS

20 “SEC. 111. Where the local governing body certifies,  
21 and the Administrator finds, that an urban area is in need  
22 of redevelopment or rehabilitation as a result of a flood, fire,  
23 hurricane, earthquake, storm, or other catastrophe which  
24 the President, pursuant to section 2 (a) of the Act en-



1 titled 'An Act to authorize Federal assistance to States and  
2 local governments in major disasters, and for other pur-  
3 poses' (Public Law 875, Eighty-first Congress, approved  
4 September 30, 1950), as amended, has determined to be a  
5 major disaster, the Administrator is authorized to extend  
6 financial assistance under this title for an urban renewal  
7 project with respect to such area without regard to the fol-  
8 lowing:

9           “(1) the ‘workable program’ requirement in section  
10       101 (c), except that any contract for temporary loan or  
11       capital grant pursuant to this section shall obligate the  
12       local public agency to comply with the ‘workable pro-  
13       gram’ requirement in section 101 (c) by a future date  
14       determined to be reasonable by the Administrator and  
15       specified in such contract;

16           “(2) the requirements in section 105 (a) (iii) and  
17       section 110 (b) (1) that the urban renewal plan con-  
18       form to a general plan of the locality as a whole and to  
19       the workable program referred to in section 101 (c) ;

20           “(3) the ‘relocation’ requirements in section 105  
21       (c) : *Provided*, That the Administrator finds that the  
22       local public agency has presented a plan for the en-  
23       couragement, to the maximum extent feasible, of the  
24       provision of dwellings suitable for the needs of families

1 displaced by the catastrophe or by redevelopment or  
2 rehabilitation activities;

3 “(4) the ‘public hearing’ requirement in section  
4 105 (d) ;

5 “(5) the requirements in sections 102 and 110 that  
6 the urban renewal area be a slum area or a blighted,  
7 deteriorated, or deteriorating area; and

8 “(6) the requirements in section 110 with respect  
9 to the predominantly residential character or predomi-  
10 nantly residential re-use of urban renewal areas.

11 In the preparation of the urban renewal plan with respect  
12 to a project aided under this section, the local public agency  
13 shall give due regard to the removal or relocation of dwellings  
14 from the site of recurring floods or other recurring catas-  
15 trophes in the project area.”

16 (b) Subparagraph (A) of section 220 (d) (1) of the  
17 National Housing Act is amended to read as follows:

18 “(A) be located in (i) the area of a slum clearance  
19 and urban redevelopment project covered by a Federal-  
20 aid contract executed or a prior approval granted, pur-  
21 suant to title I of the Housing Act of 1949 before the  
22 effective date of the Housing Act of 1954, or (ii) an  
23 urban renewal area (as defined in title I of the Housing  
24 Act of 1949, as amended) in a community respecting



1        which the Housing and Home Finance Administrator  
2        has made the certification to the Commissioner pro-  
3        vided for by section 101 (c) of the Housing Act of  
4        1949, as amended, or (iii) the area of an urban renewal  
5        project assisted under section 111 of the Housing Act  
6        of 1949, as amended: *Provided*, That, in the case of an  
7        area within the purview of clause (i) or (ii) of this  
8        subparagraph, a redevelopment plan or an urban re-  
9        newal plan (as defined in title I of the Housing Act of  
10       1949, as amended), as the case may be, has been  
11       approved for such area by the governing body of the  
12       locality involved and by the Housing and Home Fi-  
13       nance Administrator, and the Administrator has certified  
14       to the Commissioner that such plan conforms to a general  
15       plan for the locality as a whole and that there exist the  
16       necessary authority and financial capacity to assure the  
17       completion of such redevelopment or urban renewal  
18       plan: *And provided further*, That, in the case of an area  
19       within the purview of clause (iii) of this subparagraph,  
20       an urban renewal plan (as required for projects assisted  
21       under such section 111) has been approved for such  
22       area by such governing body and by the Administrator,  
23       and the Administrator has certified to the Commissioner  
24       that such plan conforms to definite local objectives re-  
25       specting appropriate land uses, improved traffic, public

1 transportation, public utilities, recreational and com-  
2 munity facilities, and other public improvements, and  
3 that there exist the necessary authority and financial  
4 capacity to assure the completion of such urban renewal  
5 plan, and”.

6 (c) Section 221 (a) of the National Housing Act is  
7 amended—

8 (1) by adding immediately before the period at  
9 the end of the first sentence a comma and the following:

10 “or (3) there is being carried out an urban renewal  
11 project assisted under section 111 of the Housing Act  
12 of 1949, as amended”; and

13 (2) by striking out “clause (2)” each place it  
14 appears in the last proviso and inserting in lieu thereof  
15 “clause (2) or (3)”.

16 (d) The second sentence of section 701 of the Housing  
17 Act of 1954 is amended to read as follows: “The Adminis-  
18 trator is further authorized to make planning grants for simi-  
19 lar planning work (1) in metropolitan and regional areas  
20 to official State, metropolitan, or regional planning agencies  
21 empowered under State or local laws to perform such plan-  
22 ning; (2) to cities, other municipalities, and counties having  
23 a population of twenty-five thousand or more according to  
24 the latest decennial census which have suffered substantial



1 damage as a result of a flood, fire, hurricane, earthquake,  
2 storm, or other catastrophe which the President, pursuant to  
3 section 2 (a) of the Act entitled 'An Act to authorize  
4 Federal assistance to States and local governments in major  
5 disasters, and for other purposes' (Public Law 875, Eighty-  
6 first Congress, approved September 30, 1950), as amended,  
7 has determined to be a major disaster; and (3) to State  
8 planning agencies, to be used for the provision of planning  
9 assistance to the cities, other municipalities, and counties  
10 referred to in clause (2) hereof."

11 SEC. 307. The last sentence of section 701 of the Hous-  
12 ing Act of 1954 is amended by striking out "\$5,000,000"  
13 and inserting in lieu thereof "\$10,000,000".

#### 14 TITLE IV—PUBLIC HOUSING

##### 15 LOW-RENT PUBLIC HOUSING

16 SEC. 401. (a) Subsection (i) of section 10 of the  
17 United States Housing Act of 1937 is amended effective  
18 August 1, 1956, to read as follows:

19 " (i) Notwithstanding any other provision of law, the  
20 Authority may enter into new contracts for loans and annual  
21 contributions after July 31, 1956, for not more than thirty-  
22 five thousand additional dwelling units, which amount shall  
23 be increased by thirty-five thousand additional dwelling  
24 units on July 1, 1957, and may enter into only such new  
25 contracts for preliminary loans in respect thereto as are

1 consistent with the number of dwelling units for which con-  
2 tracts for annual contributions may be entered into hereunder:  
3 *Provided*, That the authority to enter into new contracts  
4 for annual contributions with respect to each such thirty-  
5 five thousand additional dwelling units shall terminate two  
6 years after the first date on which such authority may be  
7 exercised under the foregoing provisions of this subsection:  
8 *Provided further*, That any balance of the authorization pro-  
9 vided by this subsection, as amended by section 108 (b) of  
10 the Housing Amendments of 1955, not utilized by July 31,  
11 1956, shall be available in any succeeding year: *Provided*  
12 *further*, That no such new contract for annual contributions  
13 for additional units shall be entered into except with respect  
14 to low-rent housing for a locality respecting which the Hous-  
15 ing and Home Finance Administrator has made the deter-  
16 mination and certification relating to a workable program  
17 as prescribed in section 101 (c) of the Housing Act of  
18 1949, as amended: *And provided further*, That no new con-  
19 tracts for loans and annual contributions for additional dwell-  
20 ing units in excess of the number authorized in this sentence  
21 shall be entered into unless authorized by the Congress.”

22 (b) Clause (2) of the third proviso appearing in that  
23 part of the Independent Offices Appropriation Act, 1953,  
24 which is captioned “Annual contributions:” under the head-  
25 ing “PUBLIC HOUSING ADMINISTRATION” is repealed.



1        SEC. 402. Section 101 (c) of title I of the Housing  
2 Act of 1949, as amended, is amended by inserting the fol-  
3 lowing after the first comma therein: "or for annual con-  
4 tributions or capital grants pursuant to the United States  
5 Housing Act of 1937, as amended, for any project or projects  
6 not constructed or covered by a contract for annual con-  
7 tributions prior to August 1, 1956,".

8        SEC. 403. Subsection (d) of section 21 of the United  
9 States Housing Act of 1937 is amended by striking out the  
10 figure "10" in both places it appears and inserting in lieu  
11 thereof the figure "15".

12                                    HOUSING FOR THE ELDERLY

13        SEC. 404. (a) Paragraph (2) of section 2 of the United  
14 States Housing Act of 1937 is amended by adding at the end  
15 thereof the following: "The term 'families' means families  
16 consisting of two or more persons, a single person sixty-five  
17 years of age or over, or the remaining member of a tenant  
18 family. The term 'elderly families' means families the head  
19 of which (or his spouse) is sixty-five years of age or over."

20        (b) Section 10 of such Act is amended by adding at  
21 the end thereof the following new subsection:

22        "(m) For the purpose of increasing the supply of low-  
23 rent housing for elderly families, the Authority may assist  
24 the construction of new housing or the remodeling of exist-  
25 ing housing in order to provide accommodations designed

1 specifically for such families. Notwithstanding the provi-  
2 sions of subsection 10 (g), any public housing agency, in  
3 respect to dwelling units suitable to the needs of elderly  
4 families, may extend a prior preference to such families  
5 and may waive the provisions of clause (ii) of section 15  
6 (8) (b) with respect to such units: *Provided*, That, as  
7 among such families, the 'First' preference in subsection  
8 10 (g) shall apply."

9 (c) Section 15 (5) of such Act is amended by in-  
10 serting after the word "Alaska" the following: "or \$2,250  
11 in the case of accommodations designed specifically for  
12 elderly families".

#### 13 FARM-LABOR CAMPS

14 SEC. 405. Section 12 (f) of the United States Housing  
15 Act of 1937 is amended by adding at the end thereof the  
16 following: "Notwithstanding any other provision of law,  
17 upon the filing of a request therefor within eighteen months  
18 after the date of the enactment of this sentence, the Au-  
19 thority shall relinquish, transfer, and convey, without mon-  
20 etary consideration, all of its rights, title, and interest in and  
21 with respect to any such project or any part thereof (in-  
22 cluding such land as is determined by the Authority to be  
23 reasonably necessary to the operation of such project, and  
24 including contractual rights to revenues, reserves, and other



1 proceeds therefrom), (1) in the case of any State other than  
2 Florida, to any public housing agency whose area of opera-  
3 tion includes the project, upon a finding and certification  
4 by the public housing agency (which shall be conclusive  
5 upon the Authority) that the project is needed to house  
6 persons and families of low income and that preference for  
7 occupancy in the project will be given first to low-income  
8 agricultural workers and their families and second to other  
9 low-income persons and their families; and (2) in the case  
10 of Florida, to any public housing agency in the State when-  
11 ever, under the laws of the State, such agency (A) is au-  
12 thorized to acquire and operate such project, (B) is required  
13 to give preference for occupancy in such project, first, to  
14 low-income agricultural workers and their families, and  
15 second, to other low-income persons and their families, (C)  
16 is required, in the event of the disposition of such project by  
17 sale or otherwise, to use the proceeds thereof and any avail-  
18 able accumulated earnings to construct facilities (which shall  
19 be subject to the same preferences as those specified in clause  
20 (B)) for occupancy by low-income agricultural workers  
21 and their families in the same same area, and (D) is re-  
22 quired, so long as it continues to own or operate such proj-  
23 ect, to have on its managing board one or more members  
24 whose principal occupation is farming. Upon the relinquish-  
25 ment and transfer of any such project it shall cease to be a

1 low-rent project within the meaning of this Act, and the  
2 Authority shall have no further jurisdiction over it, except  
3 that in any conveyance under the preceding sentence the  
4 Authority may reserve to the United States any mineral  
5 rights of whatsoever nature upon, in, or under the property,  
6 including such rights of access to and the use of such parts  
7 of the surface of the property as may be necessary for  
8 mining and saving the minerals. Any project, or part  
9 thereof not relinquished and conveyed pursuant to this  
10 subsection or under a contract for disposal pursuant to this  
11 subsection within eighteen months after the date of the en-  
12 actment of this sentence shall be disposed of by the Au-  
13 thority pursuant to subsection (e) of section 13 of this  
14 Act, notwithstanding the parenthetical clause in such sub-  
15 section.”.

#### 16 DISPOSITION OF DEFENSE HOUSING

17 SEC. 406. (a) Notwithstanding the provisions of any  
18 other law, there are hereby transferred to the jurisdiction of  
19 the Department of Defense, effective on the first day of the  
20 month following enactment of the Housing Act of 1956,  
21 all right, title, and interest, including contractual rights and  
22 obligations and any reversionary interest, held by the Federal



- 1 Government in and with respect to all real and personal
- 2 property comprising the following housing projects:

Project Numbered :	Location
ALA-1D1-----	Ozark, Alabama.
ALA-1D2-----	Ozark, Alabama.
ALA-2D1-----	Foley, Alabama.
ALA-2D2-----	Foley, Alabama.
ARIZ-1D1-----	Yuma, Arizona.
ARIZ-1D2-----	Yuma, Arizona.
ARIZ-3D1-----	Flagstaff, Arizona.
CAL-3D1-----	Oceanside, California.
CAL-3D2-----	Oceanside, California.
CAL-4D1-----	Miramar, California.
CAL-6D1-----	San Ysidro, California.
CAL-7D2-----	Barstow, California.
CAL-9D1-----	Barstow, California.
CAL-9D2-----	Barstow, California.
CAL-10D1-----	Twentynine Palms, California.
COLO-1D1-----	Colorado Springs, Colorado.
FLA-2D1-----	Green Cove Springs, Florida.
FLA-4D1-----	Milton, Florida.
FLA-8082-----	Pensacola, Florida.
FLA-8084-----	Pensacola, Florida.
GA-1D1-----	Hinesville, Georgia.
KAN-3D1-----	Hutchinson, Kansas.
ME-4D1-----	Brunswick, Maine.
MD-1D1-----	Bainbridge, Maryland.
MO-1D1-----	Waynesville, Missouri.
MO-2D1-----	Waynesville, Missouri.
MO-4D1-----	Waynesville, Missouri.
MO-5D1-----	Waynesville, Missouri.
NEV-2D1-----	Fallon, Nevada.
NC-1D1-----	Camp LeJune, North Carolina.
NC-3D1-----	Camp LeJune, North Carolina.
NC-4D1-----	Elizabeth City, North Carolina.
RI-1D1-----	Portsmouth, Rhode Island.
RI-2D1-----	Portsmouth, Rhode Island.
TEX-2D1-----	Kingsville, Texas.
TEX-3D1-----	Hondo, Texas.
TEX-5D1-----	Beeville, Texas.
TEX-5D2-----	Beeville, Texas.
TEX-6D1-----	Mission, Texas.
VA-6D1-----	Quantico, Virginia.
VA-10D1-----	Yorktown, Virginia.
VA-12D1-----	Yorktown, Virginia.
VA-13D1-----	Williamsburg, Virginia.

1 The provisions of title III of the Defense Housing and  
2 Community Facilities and Services Act of 1951, as amended,  
3 and of the Act entitled "An Act to expedite the provision  
4 of housing in connection with national defense, and for other  
5 purposes", approved October 14, 1940, as amended, shall  
6 not apply to any property transferred hereunder and, ex-  
7 cept as otherwise provided herein, the laws relating to sim-  
8 ilar property of the Department of Defense shall be ap-  
9 plicable to the property transferred. The Department of  
10 Defense is authorized to utilize any revenues derived from  
11 the property transferred hereunder, after its transfer, for  
12 the maintenance, operation, improvement, and liquidation of  
13 such property and for administrative expenses in connec-  
14 tion therewith. There is hereby transferred to the Depart-  
15 ment of the Navy out of the fund entitled "Office of the  
16 Administrator revolving fund (liquidating programs)" estab-  
17 lished in the Office of the Administrator, Housing and Home  
18 Finance Agency, under title II of the Independent Offices  
19 Appropriation Act, 1955 (68 Stat. 272, 295), as amended,  
20 \$375,000 to be available until expended for repair and  
21 rehabilitation of such property by the Navy.

22 (b) Notwithstanding the provisions of this or any other  
23 law, any housing constructed or acquired under the provi-



1 sions of title III of the Defense Housing and Community  
2 Facilities and Services Act of 1951, as amended, which is  
3 not transferred under the provisions of subsection (a) hereof  
4 shall, as expeditiously as possible, but not later than June  
5 30, 1957, be disposed of on a competitive bid basis to the  
6 highest responsible bidder upon such terms and after such  
7 public advertisement as the Housing and Home Finance  
8 Administrator may deem in the public interest; except that  
9 the Administrator may reject any bid which he deems less  
10 than the fair market value of the property and may there-  
11 after dispose of the property by negotiation: *Provided*, That  
12 the third proviso in section 302 (b) of such Act shall be  
13 applicable to housing disposed of under this subsection,  
14 except that project numbered IDA-2D1 at Cobalt, Idaho,  
15 shall be sold only for use on the site.

16 (c) The Housing and Home Finance Administrator is  
17 hereby directed to convey (pursuant to the provisions of  
18 section 606 of the Act entitled "An Act to expedite the  
19 provision of housing in connection with national defense,  
20 and for other purposes", approved October 14, 1940, as  
21 amended): (1) Housing project numbered RI-37013 to  
22 the Housing Authority of the City of Newport, Rhode Is-  
23 land: *Provided*, That, notwithstanding the provisions of  
24 that section or of any other law, the agreement required  
25 by that section shall permit the use of the project in whole

1 or in part for the housing of military personnel without re-  
2 gard to their income, and shall require the Authority, in  
3 selecting tenants, to give a first preference in respect of three  
4 hundred and sixty dwelling units to such military personnel  
5 as the Secretary of Defense or his designee prescribes for  
6 three years after the date of conveyance and to give thirty  
7 days' advance notice of available vacancies to such designee,  
8 and (2) housing projects numbered PA-36011 and PA-  
9 36012 to the Housing Authority of Philadelphia, Pennsyl-  
10 vania: *Provided*, That notwithstanding the provisions of  
11 that section or of any other law, the agreement required by  
12 that section shall permit the use of the projects in whole  
13 or in part for the housing of military personnel without re-  
14 gard to their income, and shall require the Authority, in  
15 selecting tenants, to give a first preference in respect of seven  
16 hundred dwelling units to such military personnel as the  
17 Secretary of Defense or his designee prescribes for three  
18 years after the date of conveyance and to give thirty days'  
19 advance notice of available vacancies to such designee.

20 SEC. 407. (a) The Act entitled "An Act to expedite  
21 the provision of housing in connection with national defense,  
22 and for other purposes", approved October 14, 1940, as  
23 amended, is amended by adding at the end thereof the  
24 following new section 614:

25 "SEC. 614. (a) Notwithstanding the provisions of this



1 or any other law, (1) any housing to be sold on-site deter-  
2 mined by the Administrator to be permanent, located on  
3 lands owned by the United States and under the jurisdiction  
4 of the Administrator, which is not relinquished, transferred,  
5 under contract of sale, sold, or otherwise disposed of by  
6 the Administrator under other provisions of this Act or  
7 under the provisions of other law by January 1, 1957, except  
8 housing which is determined by the Administrator by that  
9 date to be suitable for sale in accordance with section 607  
10 (b) of this Act; and (2) any permanent housing to be  
11 sold off-site which is not relinquished, transferred, under  
12 contract of sale, sold, or otherwise disposed of prior to the  
13 effective date of this section shall be disposed of, as expedi-  
14 tiously as possible, on a competitive basis to the highest  
15 responsible bidder upon such terms and after such public  
16 advertisement as the Administrator may deem in the public  
17 interest; except that the Administrator may reject any bid  
18 which he deems less than the fair market value of the  
19 property and may thereafter dispose of the property by  
20 negotiation.

21 “(b) Notwithstanding the provisions of this or any  
22 other law, all contracts entered into after the enactment of  
23 this section for the sale, transfer, or other disposal of housing  
24 (other than housing subject to the provisions of section 607

1 (b) of this Act) determined by the Administrator to be  
2 permanent, except contracts entered into pursuant to subsec-  
3 tion (a) hereof, shall require that if title does not pass to the  
4 purchaser by April 1, 1957 (or within sixty days thereafter  
5 if such time is necessary to cure defects in title in accordance  
6 with the provisions of the contract), the rights of the pur-  
7 chaser shall terminate and thereafter the housing shall be  
8 sold under the provisions of subsection (a) hereof. For the  
9 purposes of this subsection, title shall be considered to have  
10 passed upon the execution of a conditional sales contract.

11 “(c) The dates set forth in subsections (a) and (b) of  
12 this section shall not be subject to change by virtue of the  
13 provisions of section 611 of this Act.”

14 (b) Notwithstanding any other provision of law, the  
15 Housing and Home Finance Administrator is authorized to  
16 sell and convey, at fair market value as determined by him  
17 on the basis of an appraisal made by an independent real-  
18 estate expert, to the city of Alexandria, Virginia, or to the  
19 Alexandria Redevelopment and Housing Authority, or to  
20 any agency or corporation established or sponsored in the  
21 public interest by such city, all of the right, title, and interest  
22 of the United States in and to the Chinguapin Village hous-  
23 ing project, VA-44131, located in Alexandria, Virginia.  
24 Any sale pursuant to this authorization shall be made within



1 six months after the date of the enactment of this subsection  
2 and shall be on such terms and conditions as the Administra-  
3 tor shall determine.

4 (c) Notwithstanding any other provision of law, the  
5 Housing and Home Finance Administrator is authorized and  
6 directed to sell and convey to the city of Euclid, Ohio, for  
7 a total price of \$6,125,000, all of the right, title, and interest  
8 of the United States in and to the housing projects known  
9 as Euclid Homes (OH-33074) and Lakeshore Village  
10 (OH-33071) located in Euclid, Ohio. The purchase price  
11 shall be secured by a mortgage which need not be a general  
12 obligation of such city, and shall be paid in equal annual  
13 installments within twenty years from the date of sale with  
14 the right of prepayment of all or any part thereof. No down-  
15 payment shall be required, and the unpaid balances shall  
16 bear interest at the rate of  $4\frac{1}{2}$  per centum per annum. The  
17 Administrator may impose such other terms and conditions  
18 as he may deem necessary or desirable, including a require-  
19 ment that any net revenues be applied by such city as  
20 advance payment on the last maturing installments of the  
21 purchase price.

22 (d) (1) Notwithstanding any other provision of law,  
23 the Public Housing Commissioner is authorized and directed  
24 to sell and convey by quitclaim deed to the Georgia In-  
25 stitute of Technology, upon full payment in cash of the

1 purchase price determined under paragraph (2), all of the  
2 right, title, and interest of the United States in and to that  
3 real property (including furniture, fixtures, and equipment  
4 located on the property on the date of the execution of the  
5 contract or sale under this subsection), situated in Atlanta,  
6 Georgia, known as the Techwood Dormitory and more par-  
7 ticularly described as follows:

8 Commencing at the intersection of the south line of  
9 North Avenue with the east line of Techwood Drive; thence  
10 running north 89 degrees 45 minutes east 94.47 feet along  
11 the south line of North Avenue to the east line of property  
12 formerly owned by Mrs. Emma L. Ellis; thence south 00  
13 degrees 12.5 minutes east 155.0 feet more or less to the  
14 south line of an alley formerly known as Linden Alley and  
15 the north line of property formerly owned by Mildred W.  
16 Seydel; thence north 89 degrees 45 minutes east along the  
17 south line of said alley 170.0 feet more or less to a point  
18 in the south side of said alley which is distant 100.0 feet  
19 westerly from the west line of William Street; thence south  
20 00 degrees 12.5 minutes east 290.0 feet more or less to a  
21 point on the south side of the former location of Linden  
22 Avenue, which point is 100.0 feet more or less west of the  
23 west line of Williams Street; thence running south 89  
24 degrees 45 minutes west 281.57 feet more or less along the  
25 south side of the former location of Linden Avenue to its



1 intersection with the east line of Techwood Drive; thence  
 2 north 00 degrees 02 minutes east 293.88 feet more or less  
 3 along the east line of Techwood Drive; thence north 6 degrees  
 4 06 minutes east 151.98 feet more or less along the east line  
 5 of Techwood Drive to its intersection with the south line of  
 6 North Avenue and the point of beginning.

7       (2) The purchase price of the property referred to in  
 8 paragraph (1) shall be the fair market value of the land  
 9 described in such paragraph on the date of the execution  
 10 of the contract of sale under this subsection, as determined  
 11 by the Public Housing Commissioner, excluding for purposes  
 12 of such determination the value of any buildings, furniture,  
 13 fixtures, and equipment located on such land.

14       (3) If the property referred to in paragraph (1) is not  
 15 sold and conveyed to the Georgia Institute of Technology  
 16 within six months after the date of the enactment of this  
 17 Act, the Public Housing Commissioner shall dispose of  
 18 such property at public sale to the highest competitive  
 19 bidder.

20       (e) The last proviso of subsection (c) of section 108  
 21 of the Housing Amendments of 1955 is amended by striking  
 22 out "12" and inserting in lieu thereof "24".

## 23 PAYMENTS IN LIEU OF TAXES

24       SEC. 408. Notwithstanding the provisions of any other  
 25 law or any contract or rule of law, the Public Housing Com-

1   missioner shall approve payments in lieu of taxes for project  
2   fiscal years ending prior to April 1, 1956, by each of the  
3   following local public agencies in the following amounts:

4       Housing Authority of the City of Houston (Texas),  
5   \$200,324.82.

6       Quincy Housing Authority (Illinois), \$12,549.75.

7       Housing Authority of the City of Fresno (California),  
8   \$6,874.13.

9       Reading Housing Authority (Pennsylvania), \$11,-  
10  106.59.

11      Huntington, West Virginia, Housing Authority (West  
12  Virginia), \$13,049.38.

13      Housing Authority of the City of Los Angeles (Cali-  
14  fornia), \$104,765.05.

15      Housing Authority of the City of Monroe (Louisiana),  
16  \$1,560.76.

17      Housing Authority of the City of Dothan (Alabama),  
18  \$1,238.46.

19      Housing Authority of the City of Sacramento (Cali-  
20  fornia), \$26,628.29.

21      Cincinnati Metropolitan Housing Authority (Ohio),  
22  \$59,576.64.

23      Housing Authority of the City of Tampa (Florida),  
24  \$22,959.85.



## 1 TITLE V—MILITARY HOUSING

## 2 ARMED SERVICES HOUSING MORTGAGE INSURANCE

3 SEC. 501. Section 801 (g) of the National Housing  
4 Act is amended to read as follows:

5 “(g) The term ‘State’ includes the several States, and  
6 Alaska, Hawaii, Puerto Rico, the District of Columbia,  
7 Guam, the Virgin Islands, the Canal Zone, and Midway  
8 Island.”

9 SEC. 502. Section 803 (a) of such Act is amended by  
10 striking out “1956” and inserting in lieu thereof “1959”.

11 SEC. 503. Section 803 (a) of such Act is further  
12 amended by striking out the first proviso and inserting in  
13 lieu thereof the following: “: *Provided*, That the aggregate  
14 amount of principal obligations of all mortgages insured  
15 under this title (except mortgages insured pursuant to the  
16 provisions of this title in effect prior to the enactment of  
17 the Housing Amendments of 1955) shall not exceed  
18 \$2,475,000,000”.

19 SEC. 504. Section 803 (b) (2) of such Act is amended  
20 by striking out all that follows clause (i) and inserting in  
21 lieu thereof the following: “, or (ii) shall have determined  
22 that adequate housing is not available for the personnel  
23 involved at reasonable rentals within reasonable commuting  
24 distance of the installation and, with the approval of the  
25 Commissioner, that the mortgaged property will not, so far

1 as can reasonably be foreseen, substantially curtail occupancy  
2 in existing housing covered by mortgages insured under this  
3 Act. The housing accommodations shall comply with such  
4 standards and conditions as the Commissioner may prescribe  
5 to establish the acceptability of such property for mortgage  
6 insurance, except that the certification of the Secretary of  
7 Defense or his designee shall (for purposes of mortgage  
8 insurance under this title) be conclusive evidence to the  
9 Commissioner of the existence of the need for such housing.  
10 However, if the Commissioner does not concur in the housing  
11 needs as certified by the Secretary, the Commissioner may  
12 require the Secretary to guarantee the Armed Services Hous-  
13 ing Mortgage Insurance Fund against loss with respect to  
14 the mortgage covering such housing. The Commissioner  
15 shall report to the Committees on Banking and Currency of  
16 the Senate and the House of Representatives each instance  
17 in which he has required the Secretary to guarantee the  
18 Armed Services Housing Mortgage Insurance Fund, with  
19 reasons therefor. There are hereby authorized to be appro-  
20 priated such sums as may be necessary to provide for pay-  
21 ment to meet losses arising from such guaranty.”

22 SEC. 505. Section 803 (b) (3) (B) of such Act is  
23 amended by striking out “\$13,500” each place it appears  
24 and inserting in lieu thereof “\$16,500”.

25 SEC. 506. (a) Section 803 (b) (3) (C) of such Act



1 is amended by striking out “eligible builder of” and insert-  
2 ing in lieu thereof “eligible bidder with respect to”.

3 (b) Sections 403 (a) and 403 (b) of the Housing  
4 Amendments of 1955 are amended by striking out “eligible  
5 builder” wherever the term appears therein and inserting in  
6 lieu thereof “eligible bidder”.

7 (c) Section 403 (a) of the Housing Amendments of  
8 1955 is amended by striking out “the builder” wherever ap-  
9 pearing therein and inserting in lieu thereof “the mortgagor”.

10 (d) Section 403 (a) of the Housing Amendments of  
11 1955 is amended by striking out “with any builder”.

12 SEC. 507. Section 403 (a) of the Housing Amend-  
13 ments of 1955 is further amended by inserting immediately  
14 before the last sentence the following: “Any such contract  
15 shall provide for the furnishing by the contractor of a per-  
16 formance bond and a payment bond with a surety or sureties  
17 satisfactory to the Secretary of Defense, or his designee, and  
18 the furnishing of such bonds shall be deemed a sufficient com-  
19 pliance with the provisions of section 1 of the Act of August  
20 24, 1935 (49 Stat. 793), and no additional bonds shall be  
21 required under such section.”

22 SEC. 508. Section 405 of the Housing Amendments of  
23 1955 is amended by striking out “\$9,000,000” and inserting  
24 in lieu thereof “\$21,000,000”.

25 SEC. 509. The second sentence of section 406 of the

1 Housing Amendments of 1955 is amended by inserting  
2 after the colon immediately following the first proviso the  
3 following: "*Provided further*, That such plans, drawings,  
4 and specifications shall follow the principle of modular  
5 measure, in order that the housing may be built by conven-  
6 tional construction, on-site fabrication, factory precutting,  
7 factory fabrication, or any combination of these construc-  
8 tion methods:".

9 SEC. 510. Title IV of the Housing Amendments of  
10 1955 is amended by adding at the end thereof the following  
11 new section:

12 "SEC. 410. In the construction of housing under the  
13 authority of this title and title VIII of the National Housing  
14 Act, as amended, the maximum limitations on net floor area  
15 for each unit shall be the same as the net floor area perma-  
16 nent limitations prescribed in the second, third, and fourth  
17 provisos of section 3 of the Act of June 12, 1948 (62 Stat.  
18 375), or in section 3 of the Act of June 16, 1948 (62 Stat.  
19 459), other than the first, second, and third provisos  
20 thereof."

21 SEC. 511. Section 408 of the Housing Amendments of  
22 1955 is amended by adding at the end thereof the follow-  
23 ing: "Nothing contained in the provisions of title VIII of  
24 the National Housing Act in effect prior to August 11,  
25 1955, or any related provision of law, shall be construed



1 to exempt from State or local taxes or assessments the inter-  
2 est of a lessee from the Federal Government in or with  
3 respect to any property covered by a mortgage insured  
4 under such provisions of title VIII: *Provided*, That, no such  
5 taxes or assessments (not paid or encumbering such prop-  
6 erty or interest prior to June 15, 1956) on the interest of  
7 such lessee shall exceed the amount of taxes or assessments  
8 on other similar property of similar value, less such amount  
9 as the Secretary of Defense or his designee determines to be  
10 equal to (1) any payments made by the Federal Govern-  
11 ment to the local taxing or other public agencies involved  
12 with respect to such property, plus (2) such amount as  
13 may be appropriate for any expenditures made by the Fed-  
14 eral Government or the lessee for the provision or mainte-  
15 nance of streets, sidewalks, curbs, gutters, sewers, lighting,  
16 snow removal or any other services or facilities which are  
17 customarily provided by the State, county, city, or other  
18 local taxing authority with respect to such other similar  
19 property: *And provided further*, That the provisions of this  
20 section shall not apply to properties leased pursuant to the  
21 provisions of section 805 of the National Housing Act as  
22 amended on or after August 11, 1955, which properties shall  
23 be exempt from State or local taxes or assessments.”

## 1 ACQUISITION OF WHERRY ACT HOUSING

2 SEC. 512. Section 404 of the Housing Amendments of  
3 1955 is amended to read as follows:

4 "SEC. 404. (a) It is the intent of the Congress that the  
5 military departments with a view toward meeting military  
6 family housing requirements and in the interest of national  
7 defense, shall (1) acquire family housing projects constructed  
8 under the mortgage insurance provisions of title VIII of the  
9 National Housing Act as in effect prior to the enactment  
10 of the Housing Amendments of 1955; (2) maintain and  
11 operate such projects; and (3) alter, improve, rehabilitate,  
12 or repair such projects, if necessary, so that the units therein  
13 are made adequate for assignment to military personnel and  
14 their dependents as public quarters.

15 "(b) For the purposes of this title, the Secretary of  
16 Defense or his designee shall acquire by purchase, donation,  
17 or other means of transfer, or shall cause proceedings to be  
18 instituted in any court having jurisdiction of such proceedings  
19 to acquire by condemnation, any land or interest therein  
20 together with housing constructed thereon (including all  
21 personal property and chattels used in connection with the  
22 maintenance and operation of such housing) under the mort-  
23 gage insurance provisions of title VIII of the National



1 Housing Act as in effect prior to the enactment of the Hous-  
2 ing Amendments of 1955; and may, if deemed necessary,  
3 alter, improve, rehabilitate, or repair any housing so acquired.  
4 To effect such acquisitions of land or interest therein together  
5 with housing constructed thereon, the Secretary or his des-  
6 ignee either may acquire such assets directly or may acquire  
7 the capital stock of corporations organized pursuant to the  
8 provisions of title VIII of the National Housing Act which  
9 own such assets. For the purposes of this title, the Secretary  
10 or his designee may also acquire unimproved lands by pur-  
11 chase, donation, or other means of transfer, or cause pro-  
12 ceedings to be instituted in any court having jurisdiction of  
13 such proceedings to acquire such lands by condemnation.

14 “(c) (1) The determination of the price to be paid for  
15 any land or interest in land, together with the housing and  
16 any property included under the mortgage as security for  
17 the outstanding principal obligation, purchased by the Sec-  
18 retary of Defense or his designee under this section, shall be  
19 made by the Commissioner upon the request and subject to  
20 the approval of the Secretary or his designee. Notwithstand-  
21 ing the provisions of any other law, such price (subject to  
22 paragraphs (2) and (3) ) shall not be more than the Com-  
23 missioner’s estimate of the replacement cost of such housing  
24 and related property (not including the cost of any improve-  
25 ments installed or constructed with appropriated funds) as

1 of the date of final endorsement for mortgage insurance, ad-  
2 justed to the current cost level as determined by the Com-  
3 missioner and reduced by an appropriate allowance for phy-  
4 sical depreciation. In those cases where the actual cost of  
5 such housing was less than the insured mortgage or in those  
6 cases where the parties do not agree to the purchase price  
7 as established by the Commissioner under this subsection,  
8 the Secretary or his designee shall proceed to acquire the  
9 property as provided in subsection (d) of this section. In  
10 any case where the Secretary or his designee acquires a  
11 project held by the Commissioner, the price shall not exceed  
12 the face value of the debentures (plus accrued interest  
13 thereon) which the Commission issued in acquiring such  
14 project.

15 “(2) The Secretary or his designee shall also acquire  
16 all personal property and chattels which are used in con-  
17 nection with the maintenance and operation of such housing  
18 but which are not included under the mortgage as security  
19 for the outstanding principal obligation, determining and  
20 adding the fair market value of such property and chattels  
21 to the price established under paragraph (1).

22 “(3) In acquiring any such housing, the Secretary or  
23 his designee shall assume or purchase subject to the balance  
24 due under the insured note or other evidence of indebted-  
25 ness secured by the mortgage on such housing in accordance



1 with the terms of such insured note or other evidence of  
2 indebtedness, and shall pay or agree to pay (in a lump sum  
3 or over a period not exceeding five years) the difference  
4 between the outstanding principal obligation thereof, plus  
5 accrued interest, and the purchase price as established pur-  
6 suant to paragraphs (1) and (2). Unless such payment  
7 is made in a lump sum, the unpaid balance thereof shall bear  
8 interest at the rate of 4 per centum per annum. The Com-  
9 missioner may waive the adjusted premium charge in the  
10 case of projects purchased by the Secretary or his designee  
11 under this section.

12 “(d) Condemnation proceedings instituted pursuant to  
13 this section shall be conducted in accordance with the pro-  
14 visions of the Act of August 1, 1888 (25 Stat. 357; 40  
15 U. S. C., sec. 257) as amended, or any other applicable  
16 Federal statute. Before any such condemnation proceedings  
17 are instituted, an effort shall be made to purchase the prop-  
18 erty involved at the price determined under subsection (c)  
19 of this section. In any condemnation proceedings instituted  
20 pursuant to this section, the court shall not order the party  
21 in possession to surrender possession in advance of final  
22 judgment unless a declaration of taking has been filed, and  
23 a deposit of the amount estimated to be just compensation  
24 has been made, under the first section of the Act of Feb-  
25 ruary 26, 1931 (46 Stat. 1421), providing for such decla-

1 rations. Unless title is in dispute, the court, upon applica-  
2 tion, shall promptly pay to the owner at least 75 per  
3 centum of the amount so deposited, but such payment shall  
4 be made without prejudice to any party to the proceeding.  
5 In the event that condemnation proceedings are instituted  
6 in accordance with procedures under such Act of February  
7 26, 1931, the court shall order that the amount deposited  
8 shall be paid in a lump sum or over a period not exceeding  
9 five years in accordance with stipulations executed by the  
10 parties in the proceedings. In connection with condemna-  
11 tion proceedings which do not utilize the procedures under  
12 such Act, the Secretary or his designee, after final judg-  
13 ment of the court, may pay or agree to pay in a lump sum  
14 or, in accordance with stipulations executed by the parties  
15 to the proceedings, over a period not exceeding five years  
16 the difference between the outstanding principal obligation,  
17 plus accrued interest, and the price for the property fixed  
18 by the court. Unless such payment is made in a lump sum,  
19 the unpaid balance thereof shall bear interest at the rate  
20 of 4 per centum per annum.

21 “(e) Property acquired under this section may be occu-  
22 pied, used, and improved for the purposes of this section  
23 prior to the approval of title by the Attorney General as  
24 required by section 355 of the Revised Statutes, as amended.

25 “(f) The Secretary or his designee may, in the case



1 of any housing acquired or to be acquired under this section,  
2 make arrangements with the mortgagee whereby such mort-  
3 gagee will agree to release and waive all requirements of  
4 accruals for reserves for replacement, taxes, and hazard in-  
5 surance provided for under the corporate charter and inden-  
6 ture agreement with respect to such housing, upon the exe-  
7 cution of a written agreement by the Secretary or his des-  
8 ignee that the purposes for which such reserves and other  
9 funds were accrued will be carried out.

10 “(g) Any housing acquired under this section may be  
11 (1) assigned as public quarters to military personnel and  
12 their dependents; or (2) leased to military and civilian per-  
13 sonnel for occupancy by them and their dependents, upon  
14 such terms and conditions as will in the judgment of the  
15 Secretary of Defense or his designee be in the best interest  
16 of the United States, without loss to military personnel of  
17 their basic allowance for quarters or appropriate allotments.  
18 Amounts equal to the quarters allowances or appropriate  
19 allotments of military personnel to whom such housing is  
20 assigned as public quarters under clause (1), and the rental  
21 charges realized under clause (2), shall be deposited in the  
22 revolving fund created by subsection (h).

23 “(h) There is hereby created a fund which shall be  
24 used by the Secretary of Defense or his designee as a re-  
25 volving fund for the purpose of paying the purchase price

1 of housing and related property acquired under this section,  
2 paying interest, principal, mortgage insurance premiums,  
3 and other obligations (except those for maintenance and  
4 operation) with respect to such housing, and paying ex-  
5 penses incurred in the alteration, improvement, rehabilita-  
6 tion, and repair of such housing. The amounts and charges  
7 referred to in the last sentence of subsection (g) of this  
8 section, and any savings realized in the operation of section  
9 405, shall be deposited in such fund. For the purposes of  
10 the preceding sentence, the term 'savings realized in the  
11 operation of section 405' means the difference between the  
12 amount made available for payments under section 405  
13 and the amount actually used in making such payments.

14 “(i) The Secretary of the Treasury is authorized and  
15 directed to establish on the books of the Treasury Depart-  
16 ment the revolving fund created pursuant to the authority of  
17 this section. To provide capital for such fund, there is au-  
18 thorized to be appropriated a sum not to exceed \$50,000,000  
19 and the Secretary of Defense, with the approval of the  
20 President, is authorized to transfer from unexpended bal-  
21 ances of any appropriations of the military departments not  
22 carried to the surplus fund of the Treasury such sums as  
23 may be determined by the Secretary of Defense to be neces-  
24 sary to provide adequate capital for the revolving fund.”



## 1 TITLE VI—MISCELLANEOUS

## 2 COLLEGE HOUSING

3 SEC. 601. Section 401 (d) of the Housing Act of 1950  
4 is amended by striking out “\$500,000,000” and inserting in  
5 lieu thereof “\$750,000,000”.

## 6 RESEARCH

7 SEC. 602. (a) The Housing and Home Finance Ad-  
8 ministrator is authorized and directed to undertake such pro-  
9 grams of investigation, analysis, and research as he deter-  
10 mines to be necessary and appropriate in the exercise of his  
11 responsibilities, including the formulation and carrying out  
12 of national housing policies and programs. Without limiting  
13 such atuhority, such programs shall develop and supply data  
14 and information on—

15 (1) the housing inventory of the Nation and the  
16 production, use, and demolition and conversion of resi-  
17 dential structures, and such other factors as affect the  
18 total supply of housing;

19 (2) mortgage market problems;

20 (3) the extent to which adequate housing is avail-  
21 able to the low-income and middle-income families of the  
22 Nation through public and private means;

23 (4) housing for elderly persons;

24 (5) residential design, assembly methods, and ma-

1 materials use in relation to cost, utility, and comfort; and

2 (6) characteristics of current and prospective hous-  
3 ing market demand.

4 (b) (1) In order to permit the Administrator to carry  
5 out the functions vested in him by subsection (a) of this  
6 section, he is hereby authorized to enter into contracts with  
7 agencies of State and local governments and educational  
8 institutions and other nonprofit organizations and into work-  
9 ing agreements with departments and independent estab-  
10 lishments and agencies of the Federal Government in  
11 accordance with paragraph (3) of this subsection: *Pro-*  
12 *vided*, That the total amount of such contracts and working  
13 agreements shall not exceed \$500,000 during the fiscal year  
14 1957, which amount shall be increased by further amounts  
15 of \$1,000,000 on July 1, 1957, and July 1, 1958,  
16 respectively.

17 (2) There are hereby authorized to be appropriated out  
18 of any money in the Treasury not otherwise appropriated  
19 such sums as may be necessary to carry out the purposes of  
20 this section, including administrative expenses which are  
21 hereby authorized, and amounts necessary to make payments  
22 pursuant to contracts or working agreements authorized  
23 under subsection (b) (1) of this section.

24 (3) The provisions of the third and fourth sentences



1 of subsection (a) of section 301 of the Housing Act of 1948  
2 and of subsection (c) of section 502 of such Act shall apply  
3 to contracts and appropriations pursuant to this section.

4 (c) The Administrator may disseminate (without re-  
5 gard to the provisions of section 306 of the Penalty Mail  
6 Act of 1948 (39 U. S. C. 321n) ) any data or information  
7 acquired or held under this section, including related data  
8 and information otherwise available to the Administrator  
9 through the operation of the programs and activities of the  
10 Housing and Home Finance Agency, in such form as he  
11 shall determine to be most useful to departments, establish-  
12 ments, and agencies of the Federal Government or State or  
13 local governments, to industry and to the general public.

14 (d) In carrying out the provisions of this section, the  
15 Administrator is hereby authorized to request and receive  
16 such information or data as he deems appropriate from  
17 private individuals, organizations, and other public agencies.  
18 Any such information or data shall be used only for the  
19 purposes for which it is supplied, and no publication shall  
20 be made by the Administrator whereby the information or  
21 data furnished by any particular person or establishment can  
22 be identified, except with the consent of such person or  
23 establishment.

1       (e) Nothing contained in this section shall limit any  
2 authority of the Administrator under title III of the Housing  
3 Act of 1948, as amended, or any other provision of law.

4       SEC. 603. The salary of the General Counsel of the  
5 Housing and Home Finance Agency shall be the same as  
6 that of the heads of the constituent agencies of the Housing  
7 and Home Finance Agency.

8                               PUBLIC FACILITY LOANS

9       SEC. 604. Title II of the Housing Amendments of 1955  
10 is amended by adding at the end thereof the following new  
11 section:

12       “SEC. 206. As used in this title, the term ‘States’ means  
13 the several States, the District of Columbia, the Common-  
14 wealth of Puerto Rico, and the Territories and possessions  
15 of the United States.”

16                               HOME OWNERS’ LOAN ACT OF 1933

17       SEC. 605. (a) Section 5 (c) of the Home Owners’  
18 Loan Act of 1933 is amended by striking out “\$2,500” in  
19 the proviso at the end of the second paragraph and insert-  
20 ing in lieu thereof “\$3,500”.

21       (b) Section 5 (c) of such Act is further amended by  
22 striking out “15 per centum” in the first sentence and insert-  
23 ing in lieu thereof “20 per centum”.



## HOSPITAL CONSTRUCTION

SEC. 606. (a) Notwithstanding the provisions of section 104 of the Defense Housing and Community Facilities and Services Act of 1951, the authority under section 304 of such Act to make loans or grants, or other payments to public and nonprofit agencies for the construction of hospitals is hereby revived and extended with respect to public and nonprofit agencies which have, prior to June 30, 1953, applied under such section 304 for such loans or grants, or other payments for the construction of hospitals, and have been denied such loans or grants, or other payments solely because of the unavailability of funds for such purpose.

(b) The authority granted by this section shall expire June 30, 1957.

(c) There is hereby authorized to be appropriated the sum of \$5,000,000 for the purposes of this section for each of the fiscal years ending June 30, 1957, and June 30, 1958.

## FARM HOUSING

SEC. 607. (a) The first sentence of section 511 of the Housing Act of 1949 is amended to read as follows: "The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making loans under this title (other than loans under section 504 (b)). The total principal amount of such notes and obligations issued pursuant to this section during the period begin-

1   ning July 1, 1956, and ending June 30, 1961, shall not  
2   exceed \$450,000,000.”

3       (b) Section 512 of such Act is amended to read as  
4   follows:

5                               “CONTRIBUTIONS

6       “SEC. 512. In connection with loans made pursuant to  
7   section 503, the Secretary is authorized to make commit-  
8   ments for contributions aggregating not to exceed \$10,000,-  
9   000 during the period beginning July 1, 1956, and ending  
10   June 30, 1961.”

11       (c) Clause (b) of section 513 of such Act is amended  
12   to read as follows: “(b) not to exceed \$50,000,000 for  
13   grants pursuant to section 504 (a) and loans pursuant to  
14   section 504 (b) during the period beginning July 1, 1956,  
15   and ending June 30, 1961; and”.

16       (d) This section shall take effect as of July 1, 1956.



84<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 12328

## A BILL

To extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes.

By Mr. WIDNALL

JULY 20, 1956

Referred to the Committee on Banking and Currency





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July 21, 1956

on the items for this Department is indicated in the attached table.)

53. **PERSONNEL.** Conferees were appointed on H. R. 7619, the executive pay increase and civil service retirement bill. Senate conferees were appointed on July 20. p. 12602  
The Post Office and Civil Service Committee reported with amendment S. 2875, to revise the Civil Service Retirement Act (H. Rept. 2854). p. 12661  
The Rules Committee reported a resolution for the consideration of S. 3481, to amend the Foreign Service Act of 1946, so as to increase the salaries and provide other benefits for employees in the Foreign Service. p. 12662
54. **CUSTOMS.** Received and agreed to the conference report on H. R. 6040, to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws (H. Rept. 2866). p. 12654
55. **WATERSHEDS.** Conferees were appointed on H. R. 8750, to amend the Watershed Protection and Flood Prevention Act. Senate conferees were appointed July 20. p. 12657
56. **FARM LOANS.** Received the conference report on H. R. 11544, to improve and simplify the credit facilities available to farmers, and to amend the Bankhead-Jones Farm Tenant Act. The conference report includes the following provisions: Eliminates limitation on refinancing loans to part-time farmers for debts against the real estate; authorizes insurance of loans not to exceed \$15,000 for general farm improvement on farms requiring no more than three families; further clarifies eligibility for FHA loans, by eliminating reference to prevailing rates of interest in excess of 5% as a criteria for eligibility; provides that "improvement or refinancing loans (as distinguished from acquisition or enlargement loans) may be made with respect to farms above the "average value" level"; authorizes insurance of second mortgage loans on real estate; accepts the Senate formula for determining the maximum amount of operating loans; authorizes the extension of production loans in hardship cases to ten years from date of loan, without regard to criteria of determined disaster areas; and extends the "economic disaster" loan program for two years and provides an additional \$50 million in loan funds (H. Rept. 2869). p. 12657
57. **FLOOD INSURANCE.** Began debate on S. 3732, to provide insurance against flood damage. pp. 12633, 12637
58. **WOOL IMPORTS.** The Ways and Means Committee reported with amendment H. R. 12227, to amend certain provisions of the Tariff Act of 1930 relative to import duties on wool (H. Rept. 2868). p. 12662
59. **LANDS.** The Interior and Insular Affairs Committee reported without amendment H. R. 12185, to provide that withdrawals or reservations of more than 5,000 acres of public lands of the U. S. for certain purposes shall not become effective until approved by act of Congress (H. Rept. 2856). p. 12661
60. **HOUSING.** The Rules Committee reported a resolution for the consideration of H. R. 11742, to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities. p. 12662  
The "Daily Digest" states the Rules Committee cleared for consideration H. R. 12328, to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities. p. D856
61. **RECLAMATION; ELECTRIFICATION.** Agreed to the conference report on S. 497, to authorize the Secretary of the Interior to construct, operate, and maintain the Washoe reclamation project, Nev. and Calif. p. 12603



62. CONTRACTS. Agreed to the Senate amendments to H. R. 11947, to amend and extend the Renegotiation Act of 1951. This bill is now ready for the President. p. 12603
63. TARIFFS. Passed as reported H. R. 12254, to extend until March 1, 1958, the time in which the Tariff Commission is directed to complete its study and report with respect to recommendations for simplifying our tariff structure as provided in Public Law 768, 83d Congress. p. 12656
64. LEGISLATIVE PROGRAM. Rep. McCormack announced the following program for July 23-27: Monday, Consent Calendar and the following bills under suspension of the rules - omnibus rivers and harbors and Army flood control projects bill, Federal Construction Contract Act relating to subcontractors bill, migrant farm laborers transportation bill, Foreign Service Act amendments bill, International fairs and festivals bill, cranberries marketing bill, Great Plains conservation bill, and USDA point-of-order bill; balance of the week - civilian atomic power bill, second supplemental appropriation bill, housing bill, power rates on Federal projects bill, Farwell reclamation project bill, minimum wages in territories and possessions bill, marketing facilities loan insurance bill, wool import bill, and Fryingpay-Arkansas reclamation project bill; Thursday - Private Calendar. p. 12637
65. ADJOURNED until Mon., July 23. p. 12661

SENATE (continued)

66. APPROPRIATIONS. S. Doc. 143 includes the following items for this Department: Acquisition of Lands for Cache National Forest, \$50,000, to remain available until expended; Salaries and Expenses, Farmers' Home Administration, \$1,400,000; and Salaries and expenses, Office of the General Counsel, \$85,000. The latter two items are contingent upon the enactment of pending legislation to amend Titles I and II of the Bankhead-Jones Farm Tenant Act which would substantially broaden the authority for loans thereunder.

ITEMS IN APPENDIX - July 21

67. SURPLUS COMMODITIES. Rep. Gavins inserted a two part newspaper article with an editor's note explaining "how world-wide commodity sales operations of surplus farm products acquired in its agricultural price-support programs gets Uncle Sam foreign money, and how he spends it abroad. pp. A5748, A5746
68. SOIL BANK. Rep. Hill inserted a newspaper article, "Five Hundred and Ninety-Two Thousand Five Hundred and Three Acres Colorado Land in Soil Bank." p. A5748
69. SOCIAL SECURITY. Rep. Cooper inserted a summary of the principal provisions of the conference agreement on H. R. 7225, the social security amendments bill. p. A5755
70. STOCKPILING. Rep. Multer inserted a newspaper article, written by Willard Rockwell, a former special assistant to Secretary of Defense Wilson, "Stockpiling Opposed-- Government's Actions Said To Cause Severe Loss To Small Business." p. A5758
71. LEGISLATION. Extension of remarks of Rep. Tollefson commenting on some of the bills passed by the Congress this session, including national debt, appropriations, revised farm program. p. A 5759

## CONSIDERATION OF H. R. 11742

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JULY 21, 1956.—Referred to the House Calendar and ordered to be printed

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Mr. SMITH of Virginia, from the Committee on Rules, submitted the following

## R E P O R T

[To accompany H. Res. 618]

The Committee on Rules, having had under consideration House Resolution 618, report the same to the House with the recommendation that the resolution do pass.







## House Calendar No. 315

84TH CONGRESS  
2D SESSION

# H. RES. 618

[Report No. 2862]

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### IN THE HOUSE OF REPRESENTATIVES

JULY 21, 1956

Mr. SMITH of Virginia, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

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## RESOLUTION

1       *Resolved*, That upon the adoption of this resolution it  
2 shall be in order to move that the House resolve itself into  
3 the Committee of the Whole House on the State of the Union  
4 for the consideration of the bill (H. R. 11742) to extend  
5 and amend laws relating to the provision and improvement  
6 of housing and the conservation and development of urban  
7 communities, and for other purposes. After general debate,  
8 which shall be confined to the bill, and shall continue not  
9 to exceed two hours, to be equally divided and controlled  
10 by the chairman and ranking minority member of the Com-  
11 mittee on Banking and Currency, the bill shall be considered  
12 as having been read for amendment. No amendments shall



1 be in order to the said bill except that it shall be in order  
2 for any member of the Committee on Banking and Currency  
3 to move to strike out all after the enacting clause of the bill  
4 H. R. 11742 and insert as a substitute the text of the bill  
5 H. R. 12328, and such substitute shall be in order, any rule  
6 of the House to the contrary notwithstanding, but shall not  
7 be subject to amendment. At the conclusion of the consider-  
8 ation of the bill H. R. 11742, the Committee shall rise and  
9 report the bill to the House with such amendment as may  
10 have been adopted and the previous question shall be con-  
11 sidered as ordered on the bill and amendment thereto to  
12 final passage without intervening motion, except one motion  
13 to recommit.





84TH CONGRESS  
2D Session

# H. RES. 618

[Report No. 2862]

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## RESOLUTION

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Providing for the consideration of H. R. 11742,  
a bill to extend and amend laws relating to  
the provision and improvement of housing  
and the conservation and development of  
urban communities, and for other purposes.

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By Mr. SMITH of Virginia

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JULY 21, 1956

Referred to the House Calendar and ordered to be  
printed







July 25, 1956

-3-

out the portion of the bill dealing with the channeling of Government procurement contracts into distressed areas (p. 13314).

13. FOOD RESERVE. Sen. Martin, Iowa, inserted his statement relating to the establishment of an international food and raw materials reserve under the U. N. p. 13111
14. ASC COMMITTEES. Sen. Symington inserted and discussed correspondence with the Secretary concerning the operations of the Missouri State ASC Committee. p. 13119
15. RECLAMATION. Sen. Morse inserted correspondence from a local Chamber of Commerce regarding the size of farm units in the Columbia Basin project. p. 13282
16. RESEARCH. Sen. Mundt inserted a statement by Rep. Jensen, Iowa, and himself concerning the utilization of grain alcohol in the manufacture of fuel used for motor vehicles. p. 13283
17. HOUSING. Passed with amendment H. R. 11742, to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, including provisions for farm housing loans and disposal of certain farm-labor camps. Conferees were appointed. p. 13294
18. FISHERIES. Sen. Neuberger inserted a telegram from a local outdoor group favoring S. 3275, the fisheries bill. p. 13322
19. FOREIGN AFFAIRS. Sen. Morse inserted an Oregon Farmer Union article, "Patton on Foreign Aid". p. 13283  
Sen. Malone stated that free trade destroys American workingmen and investors. p. 13321
20. IMPORTS. The Finance Committee reported without amendment H. R. 12254, to provide additional time for the Tariff Commission to review the customs tariff schedules (S. Rept. 2780). p. 13069
21. EXECUTIVE PAY; RETIREMENT. The "Daily Digest" states that "Conferees, in executive session, agreed to file a conference report on the differences between the Senate-and House-passed versions of H. R. 7619, to adjust the rates of compensation of heads of executive departments and of certain other Federal officials". p. D884
22. TRANSPORTATION. The Interstate and Foreign Commerce Committee submitted a report, "Transportation Problems of Alaska and the Pacific Coast States" (S. Rept. 2802). p. 13070
23. LEGISLATIVE PROGRAM. Sen. Johnson announced that the Great Plains bill and Guar seed bills would be considered today (p. 13096). Agreed to waive the requirement that committee reports must lie over a day before being taken up (p. 13107).



July 25, 1956

HOUSE

24. FARM LOANS. Both Houses agreed to the conference report (see Digest 125) on H. R. 11544, to improve and simplify the credit facilities available to farmers and to amend the Bankhead-Jones Farm Tenant Act. This bill is now ready for the President. pp. 13231, 13293
25. WATERSHEDS. Both Houses agreed to the conference report on H. R. 8750, to amend the Watershed Protection and Flood Prevention Act. This bill is now ready for the President. pp. 13231, 13293
26. FOREIGN TRADE; SURPLUS COMMODITIES. Both Houses agreed to the conference report on S. 3903, to increase from \$1.5 billion to \$3 billion the authorization under title I of the Agricultural Trade Development and Assistance Act. This bill is now ready for the President. pp. 13232, 13293
27. FOREIGN AID. Conferees were appointed, and later the conference report was received on H. R. 12130, the mutual security appropriation bill for 1957. The conference report includes provisions: Appropriating \$250 million for development assistance, deleting Senate language continuing funds available until June 30, 1958; appropriating \$135 million for technical assistance (instead of \$140,500,000 as proposed by the Senate), and \$15,500,000 for U. N. technical assistance (instead of \$10 million as proposed by the House); appropriating \$2,500,000 for ocean freight charges (instead of \$1,400,000 as proposed by the House and \$3,000,000 as proposed by the Senate). (H. Rept. 2931). pp. 13124, 13253
28. HOUSING. Passed with amendment H. R. 11742, to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities. The amendment to H. R. 11742, consisted of inserting the language of H. R. 12328, a similar bill. p. 13130
29. WHEAT. Passed without amendment S. 4221, to extend the period of the International Wheat Agreement until July 31, 1959. This bill is now ready for the President. p. 13161
30. FLOOD INSURANCE. Passed with amendments S. 3732, to provide insurance against flood damages. Adopted an amendment offered by Rep. Dies to require States to contribute one-half of the cost of the program after June 30, 1959, and an amendment by Rep. Dodd to authorize the Administrator to fix the premium on the loans as well as to establish the premium on the insurance. p. 13212
31. PERSONNEL. Rep. Lesinski discussed the administration of the Federal employees' loyalty-security program and inserted a statement by M. E. Markwood, of the NFEE, suggesting a revision of this system. p. 13242  
Received from the Treasury Department a report on operations of Federal agencies in connection with the bonding of employees; to the Post Office and Civil Service Committee. p. 13255
32. FORESTRY. Received and agreed to the conference report on H. R. 5712, to provide that the U. S. hold in trust for the Pueblos of Zia and Jemez a part of the Ojo del Espiritu Santo Grant and a small area of public domain adjacent thereto (H. Rept. 2907). p. 13127  
The Agriculture Committee reported with amendment H. R. 3436, to provide that sums paid to States from moneys received from national forests may be used



"(1) receive an appointment with a view to filling a vacancy in a federally recognized unit or organization of the National Guard;

"(2) have the qualifications prescribed by the Secretary concerned for the grade, branch, position, and type of unit or organization involved; and

"(3) except as provided in subsection (d), pass an examination for physical, moral, and professional fitness to be prescribed by the President, and subscribe to the oath of office prescribed by section 312 of this title."

(17) Section 307 (d) of title 32 is amended by striking out the words "section 301 of this title" and inserting in place thereof the words "subsection (a) (1) and (2)."

(18) Section 315 (including the catchline) and item 315 in the analysis of chapter 3 of title 32 are amended by striking out the words "and reserve."

#### 5. MISCELLANEOUS CHANGES

(1) (a) The following clauses of section 101 of title 10, as listed in the left-hand column, are renumbered as shown in the right-hand column:

Old number	New number
(25)	(26)
(26)	(27)
(27)	(28)
(28)	(29)
(29)	(30)
(30)	(31)
(31)	(32)
(32)	(33)
(33)	(34)

(b) The following sections of title 10, as listed in the left-hand column, are renumbered as shown in the right-hand column:

Old number	New number
270	273
271	274
272	275
273	276
274	277
275	278
276	280
684	686

(2) Section 510 (c) of title 10 is amended by adding the words "(other than for training)" at the end thereof.

(3) Section 815 (a) (1) (C) of title 10 is amended by striking out the words "his pay for not more than 1 month" and inserting in place thereof the words "1 month's pay."

(4) Section 827 (a) of title 10 is amended by striking out the word "other."

(5) Section 938 of title 10 is amended by striking out the words "of the department."

(6) Section 2664 (d) of title 10 is amended by inserting the words "take and" before the word "use."

(7) Sections 2664 (e) and (f) of title 10 are amended by striking out the words "An officer" and inserting in place thereof the words "A person."

(8) Section 3296 (b) of title 10 is amended by striking out clause (2) and by redesignating clauses (3) and (4) as "(2)" and "(3)", respectively.

(9) Sections 3299 (b) and 8299 (b) of title 10 are amended by striking out the word "and" and inserting in place thereof the word "that."

(10) Sections 3305 (a) and 8305 (a) of title 10 are amended by striking out the words "that grade" in the third sentence and inserting in place thereof the words "the grade of colonel."

(11) Sections 3306 (a) and 8306 (a) of title 10 are amended by striking out the words "promotion to that grade" in the second sentence, and inserting in place thereof the words "promotion to the grade of brigadier general."

(12) Sections 3307 (a) and 8307 (a) of title 10 are amended by striking out the words "for promotion to that grade" in the second sentence and inserting in place thereof the words "for promotion to the grade of major general."

(13) Sections 4342 (e) (4), 6954 (a) (1) (B), and 9342 (e) (4) of title 10 are amended by striking out the words "the date prescribed by proclamation of the President, or concurrent resolution of Congress under the joint resolution of May 11, 1951, ch. 49, 65 Stat. 40" and inserting in place thereof the words "February 1, 1955."

(14) The last sentence of section 4621 (a) of title 10 and the last two sentences of section 9621 (a) of title 10 are amended to read as follows: "Except for articles and items acquired through the use of working capital funds under sections 172-172j of title 5, sales of articles shall be at cost, and sales of individual clothing and equipment shall be at average current prices, including overhead, as determined by the Secretary."

(15) Sections 4621 (b) and 9621 (b) of title 10 are amended—

(1) by striking out the words "Except for articles acquired through the use of working capital funds under sections 172-172j of title 5, the", and inserting in place thereof the word "The"; and (2) by adding the following new sentence: "Activities conducted under this subsection shall be consistent with sections 172-172j of title 5."

(16) Section 6325 of title 10 is amended by adding a new subsection (c) as follows:

"(c) A warrant officer who retires under section 6321, 6322, or 6323 of this title may elect to be placed on the retired list in the highest grade and with the highest retired pay to which he is entitled under any provision of this title. If the pay of that highest grade is less than the pay of any warrant grade satisfactorily held by him on active duty, his retired pay shall be based on the higher pay."

(17) Section 8549 of title 10 is amended by inserting the words "or appointed with a view to designation under that section" before the words, "may not."

(18) (a) Section 9344 of title 10 is amended by striking out subsection (d).

(b) Section 9346 of title 10 is amended by striking out subsection (d).

(19) Section 9351 (a) of title 10 is amended by striking out the word "Academic" and inserting in place thereof the word "Academy."

(20) Section 109 of title 32 is amended by—

(1) striking out the period at the end of subsection (a) and inserting in place thereof the words "and State defense forces."; and

(2) inserting after the words "National Guard" in subsection (b) the words "or its State defense forces."

(21) (a) Section 23 is deleted.

(b) The following sections listed in the left-hand column are renumbered as shown in the right-hand column:

Old number	New number
24	23
25	24
26	25
27	26
28	27
29	28
30	29
31	30
32	31
33	32
34	33
35	34
36	35
37	36
38	37
39	38
40	39
41	40
42	41
43	42
44	43
45	44
46	45
47	46
48	47

#### Old number

#### New number

49	48
50	49
51	50
52	51
53	52
54	53

(c) Section 50 (renumbered sec. 49) is amended by striking out the figure "49" wherever it appears and inserting in place thereof the figure "48."

(d) The schedule of laws repealed, in section 54 (renumbered sec. 53), is amended—

(1) by inserting the words "(less § 17)" in the column designated "Section" (Statutes at Large), and by striking out the word "Uncodified" in the column designated "Title", opposite the entry "Mar. 2" under the year "1899";

(2) by striking out the figure "1350," in the column designated "Section" (U. S. Code), opposite the entry "Feb. 2" under the year "1901"; and

(3) by striking out the figure "6" in the column designated "Section" (Statutes at Large), the figure "88" in the column designated "Page", and the figure "473" in the column designated "Section" (U. S. Code), opposite the entry "June 19" under the year "1951."

(22) Section 31 (renumbered sec. 30) is amended by inserting the words "under section 3496 or 8496 of title 10, United States Code," before the words "shall be paid."

(23) Section 50 (a) (renumbered sec. 49 (a)) is amended by striking out the words "amendments to it" and inserting in place thereof the words "superseding it to the extent of the inconsistency."

(24) Section 50 (c) (renumbered sec. 49 (c)) is amended—

(1) by inserting the words "and offenses committed" after the words "Actions taken"; and

(2) by inserting the words "or committed" after the words "have been taken."

(25) The schedule of laws repealed, in section 54 (renumbered sec. 53), is amended—

(1) by striking out the figure "1" in the column designated "Section" (Statutes at Large) opposite the entry "May 5" under the year "1950" and inserting in place thereof the figure "1 \*"; and

(2) by inserting the following footnote:  
 "\*\*Repeal of sec. 1 of the act of May 5, 1950, ch. 169, is effective on the effective date of chapter 47 of title 10, U. S. Code, enacted by sec. 1 of this act."

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

#### AMENDING PART II OF TITLE III OF THE COMMUNICATIONS ACT OF 1934

Mr. HARRIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4090) to amend part II of title III of the Communications Act of 1934, so as to require the installation of an automatic radio-telegraph call selector on cargo ships of the United States carrying less than two radio operators, and for other purposes, with Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert "That the Federal Communications



Commission, the United States Coast Guard, and the Federal Maritime Administration are hereby authorized and directed, acting jointly, (1) to make a full and complete study and investigation with respect to the need for installing automatic radiotelegraph call selectors on cargo ships of the United States carrying less than two radio operators, and other such safety devices, and the feasibility thereof, (2) to report to the Congress at the earliest practicable date, but not later than March 1, 1957, and (3) to include in such report their recommendations, if any, for necessary legislation."

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. PELLY. Mr. Speaker, reserving the right to object—and I shall not object. I do this for the purpose of inquiring of the gentleman from Arkansas [Mr. HARRIS] if it is not true that the Senate version of this bill, H. R. 4090, to all intents and purposes, is entirely different from the bill with a similar number which I opposed in the House recently. In other words, Mr. Speaker, I would like the gentleman from Arkansas [Mr. HARRIS] to verify that the Senate Committee on Interstate and Foreign Commerce after public hearings reported H. R. 4090 with a new title and wording. Instead of the bill requiring cargo vessels of 1,600 tons or more with only one radio operator to install a call-selector device, this bill as passed by the Senate authorizes and directs the Federal Communications Commission, the Department of Commerce and the Coast Guard to investigate the device and to report back so that at the next session of Congress a report will be available as to the need and desirability of such a device.

I think, Mr. Speaker, that H. R. 4090 as it would be considered here today is innocuous and is a fair way to settle a controversy. The bill as passed by the House made this gadget mandatory if the Federal Communications Commission found it satisfactory. This amended bill does not get the cart before the horse, and is a constructive way of approaching the subject of safety.

Accordingly I can assure my friends, who joined me in opposing this legislation when it came to the House previously, that I have no objection to this bill, and therefore I withdraw my reservation.

Mr. HARRIS. The gentleman is correct.

Mr. PELLY. Mr. Speaker, I support this. I think it is constructive legislation.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Senate amendment was concurred in.

The title was amended so as to read: "An act to provide for study by the Federal Communications Commission, the United States Coast Guard, and the Federal Maritime Administration with respect to the need for automatic radiotelegraph call selectors and other such safety devices on certain cargo ships of the United States."

A motion to reconsider was laid on the table.

# REMOVING PRESENT \$1,000 LIMITATION WHICH PREVENTS SECRETARY OF THE NAVY FROM SETTLING CERTAIN CLAIMS ARISING OUT OF CRASH OF A NAVAL AIRCRAFT

Mr. CELLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 12170) to remove the present \$1,000 limitation which prevents the Secretary of the Navy from settling certain claims arising out of the crash of a naval aircraft at the Wold-Chamberlain Air Field, Minneapolis, Minn., with Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert "That the \$1,000 limitation contained in the first section of the act of July 3, 1943, as amended (31 U. S. C. 223b), shall not apply with respect to claims arising out of the crash of a United States Air Force airplane near Wold-Chamberlain Air Field, Minneapolis, Minn., on June 5, 1956, and the crash of a United States Navy airplane near Wold-Chamberlain Air Field, Minneapolis, Minn., on June 9, 1956.

"SEC. 2. With respect to claims filed as a result of the airplane crashes described in the first section of this act, the Secretary of the Air Force and the Secretary of the Navy shall, within 30 months after the date of the enactment of this act, transmit to the Congress a report setting forth—

"(1) each claim settled, and paid by the Secretary of the Air Force or the Secretary of the Navy, as the case may be, with a brief statement concerning the character and equity of each such claim, the amount claimed, and the amount approved and paid; and

"(2) each claim submitted which has not been settled, with supporting papers and a statement of findings of facts and recommendations with respect to each such claim.

"SEC. 3. No part of the amounts awarded under this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. MARTIN. Mr. Speaker, reserving the right to object, will the gentleman explain this?

Mr. CELLER. Mr. Speaker, this is a bill offered by the gentleman from Minnesota [Mr. Judd] concerning an airplane accident that happened up in his State. The Senate added a provision inserting the usual counsel fees provision and also an amendment to have the bill embrace the victims of another accident that happened prior to the date that the one indicated in the bill happened.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

# PROVIDING FOR CONVEYANCE OF CERTAIN LAND OF THE UNITED STATES TO THE STATE OF INDIANA

Mr. WILLIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 9810) to provide for the conveyance of certain land of the United States to the State of Indiana, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 10, after "fair", insert "appraised."

Page 1, line 11, after "General", insert "upon an independent appraisal."

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

# HOURLY OF MEETING FOR BALANCE OF THE WEEK

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that for the balance of the week when the House adjourns from day to day it adjourn to meet at 10 o'clock on the following day.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

# CONFERENCE REPORTS AND MOTIONS TO SUSPEND THE RULES

Mr. SMITH of Virginia. Mr. Speaker, I offer a resolution (H. Res. 630) and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That during the remainder of this week it shall be in order to consider conference reports the same day reported notwithstanding the provisions of clause 2, rule XXVIII; that it shall also be in order during the remainder of this week for the Speaker at any time to entertain motions to suspend the rules, notwithstanding the provisions of clause 1, rule XXVII.

The SPEAKER. The question is on the resolution.

The question was taken; and (two-thirds having voted in favor thereof) the resolution was agreed to.

# HOUSING ACT OF 1956

Mr. SMITH of Virginia. Mr. Speaker, I call up House Resolution 618 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the



Union for the consideration of the bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be considered as having been read for amendment. No amendments shall be in order to the said bill except that it shall be in order for any member of the Committee on Banking and Currency to move to strike out all after the enacting clause of the bill H. R. 11742 and insert as a substitute the text of the bill H. R. 12328, and such substitute shall be in order, any rule of the House to the contrary notwithstanding, but shall not be subject to amendment. At the conclusion of the consideration of the bill H. R. 11742, the Committee shall rise and report the bill to the House with such amendment as may have been adopted and the previous question shall be considered as ordered on the bill and amendment thereto to final passage without intervening motion, except one motion to recommit.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN] and yield myself such time as I may consume.

Mr. Speaker, this resolution is to make in order the so-called housing bill, and I would like to give you a little history of the situation so that we may all clearly understand what has happened and what is about to happen.

The Committee on Banking and Currency reported out a voluminous bill on public housing and other housing which contained all of the features of the old housing bill and then added a few more. Now, that bill contained everything, including the kitchen stove. The Committee on Rules declined to give a rule on that bill, so another bill was prepared which I believe was not submitted to the Committee on Banking and Currency, but that bill left out the kitchen stove and gave you all the rest of it, including public housing.

The Committee on Rules then took up that bill, which was a perfectly legitimate and proper thing to do, if the committee decided to do that, and reported out this rule.

Now, my complaint about it is that the rule is probably the most drastic gag rule that I have seen presented in my time here in the House, and I have seen some pretty drastic ones. This rule makes it in order to substitute the new bill, which no committee has considered, in place of the bill which the committee did consider. It prohibits the offering of any amendment on the original bill, and then it prohibits the offering of any amendment on the substitute bill. So, what you are given the slight privilege of doing is, at the conclusion of a lot of speeches and a lot of hot air, you are going to be accorded the privilege of saying "Aye" or "No"; that is all, and that will occur at the conclusion of general debate. The bill will be considered as read, the roll will be called, and you will say "Aye" or you will say "No." You Members of the House are denied all opportunity to participate in the formation

or amendment of this very important and costly legislation.

Mr. GROSS. How about pro forma amendments?

Mr. SMITH of Virginia. No pro forma amendments. I do not think that is what we ought to do in the Committee on Rules.

Mr. DIES. Mr. Speaker, if the gentleman will yield, I would like to ask the gentleman if under the rule a parliamentary inquiry would be in order.

Mr. SMITH of Virginia. If the Speaker recognizes the gentleman for that purpose.

What I do not like about this situation is this. Every since public housing or more properly socialized housing—ever since socialized housing was passed by the Congress, this House has historically, year after year and year after year, whenever the housing bill came up, stricken public housing from the bill. This House has been against public housing—Congress after Congress.

What I want to say to you is that I think you ought to have the opportunity and the courtesy of being permitted merely to say, "We want an opportunity to vote on whether we want to strike out public housing or do not want to strike out public housing."

I am not insisting that you do either, but I do think that the dignity of this situation requires, in view of the history of this legislation, that Members be accorded the privilege of saying whether they want to put the handcuffs on themselves this morning or whether they do not want to put the handcuffs on themselves. If you want to handcuff yourselves so that you are not permitted to say anything about this bill all day long except "Yes" or "No," that is your privilege; go on and handcuff yourselves, if you want to. But what I am going to do is to give you the opportunity of saying, "I do not want to be handcuffed, I want the opportunity to vote on striking out public housing."

Of course, I used to have some allies on public housing over on the left side of the aisle in the days gone by. The Republican side, under the able leadership of the gentleman from Michigan [Mr. WOLCOTT], has always stood up and voted against this socialistic proposal that the general taxpayers should pay the house rent of the less fortunate taxpayers or nontaxpayers. That is what this is about.

The way I am going to seek to accomplish that is to permit you to vote on the question in the easiest way possible. And I think the easiest way possible to do it is for me to yield for an amendment. I shall yield to the gentleman from Mississippi at the conclusion of the debate for an amendment which will simply say that this resolution is amended so that this House shall be accorded the small privilege of offering one amendment. And that amendment will not even permit you any latitude in what you shall do, but it will just permit you to vote "yes" or "no" twice. That is, you are going to be permitted to vote "yes" or "no" if this amendment is adopted on whether you want to be

handcuffed on voting for or against public housing.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the distinguished gentleman from Indiana who has stood up on this floor so often and fought the battle against socialized public housing.

Mr. HALLECK. Mr. Speaker, of course I must say to the gentleman that there was a day when I did vigorously oppose Federal public housing. As the gentleman knows, in recent years I have taken the position that it is not a question of whether or not you are for or against public housing. The question now is, When are you going to stop it? And I think we are on the road to getting it stopped.

And may I say, that while the gentleman's position has many attractions at this time, I find myself in opposition to him.

Mr. SMITH of Virginia. I yielded to the gentleman for a question. I am going to reverse the process and ask him a question. Can the gentleman see any earthly reason why this House should not be permitted to say "yes" or "no" on whether they want to be handcuffed on voting for or against public housing?

Mr. HALLECK. Yes, may I say to the gentleman, I think I can answer that.

Mr. SMITH of Virginia. I wish the gentleman would.

Mr. HALLECK. I am happy to.

If that arrangement of the gentleman should prevail and public housing, the limited amount that is here included, with the workable provisions included, were to be stricken from the bill, this would be the situation. We have to have a housing bill to carry on through the other parts of this bill. If that bill goes over to the other body, we know it will probably have public housing to the extent of 135,000 units. Not 35,000 but 135,000 units would be put in the bill. Under those circumstances, in my opinion, we must have a housing bill. There is going to be some public housing in it. So far as I concerned, I think, coming into the closing days of the session, we might as well recognize what has prevailed in the last 2 or 3 years and go on with the passage of this bill at this time.

Mr. SMITH of Virginia. I thank the gentleman for his delightful contribution, which is always so welcome.

May I say in reply to the gentleman from Indiana, who tells you that we ought not to take these handcuffs off, that we ought not to permit ourselves to vote yes or no because another body is going to say, "No, we cannot do that," I should like to propound to the gentleman that if we cannot even be permitted to vote yes or no on a proposition because the other body says so, why do we not all resign and go home and let the other body run the whole show, as they are pretty well doing?

Mr. HALLECK. Was the gentleman asking me for an answer?

Mr. SMITH of Virginia. I will give the gentleman a brief time to answer.

Mr. HALLECK. On Monday of this week we had 17 bills under suspension of the rules, and you did not even have a



choice between one bill or the other. May I simply say to the gentlemen that there are some times when he recognizes as well as I that you have to be pretty practical about legislation. If the gentleman does not want any housing bill at all, then there are ways of accomplishing that. The only position I take is that this arrangement that has been worked out will assure us of a housing bill in line with what I think the majority wants.

Mr. SMITH of Virginia. I do not think that things like this, of this great importance, that involve the right of men to be heard and the right of men to vote their sentiments, ought to be operated on this suggestion of the gentleman from Indiana that it has been "worked out." You ought not to "work out" things around here without giving the House an opportunity to participate in the "workout." All I am asking is that you be given a little bit of opportunity to participate in the "workout" by saying yes or no.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from California.

Mr. McDONOUGH. Does the gentleman agree with me that this rule is just as objectionable to those who want more housing than is in the bill as to those who want less than is in the bill?

Mr. SMITH of Virginia. Of course that is true. That is an argument why you should untie your hands and permit yourself to vote "yes" or "no" twice, once on the amendment and once on the bill. That is all I am asking that you have the opportunity to do. I am not asking for unlimited debate, I am asking that the House have some little limited amount of freedom, maybe just to express the idea and let it be known that we are around here and the whole business is not being run by the other body.

(Mr. ALLEN of Illinois asked and was given permission to revise and extend his remarks.)

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, it is not an easy task for me to stand here and be in opposition to the desires of my chairman, whom I regard and have always regarded during my 24 years in Congress as not only a great American but a great legislator.

The chairman has explained this rule, which provides for the bill H. R. 11742, known as the committee bill, to come before us. According to the rule, it cannot be amended, but it does provide that any member of the Committee on Banking and Currency can substitute the Widnall bill. It will not be open to amendment, either. And the rule does not permit a motion to recommit with instructions.

I am certain that many of you will wonder why I voted for this closed rule and am speaking in favor of it. I feel that many of you would like to know the reason for my supporting 35,000 units of public housing when in the past I have always opposed public housing. I desire to be practical.

As I rode down Pennsylvania Avenue this morning, I noticed an inscription on

the Archives Building which read, "What is past is prologue." Therefore, my past experiences in the field of public housing compels me to be practical in the matter presently before us.

Many times the House of Representatives have voted against public housing. Then the other body voted each time for an unusually high number of public housing which was accepted by the House and became law.

The housing bill passed by the other body provides for 135,000 units of housing per year for 5 years. The committee bill provides for 60,000 units each year for 3 years, the Widnall bill which I am supporting, for 35,000 units each year for 2 years. The Widnall bill is a good compromise bill.

I am convinced that the Widnall bill which includes FHA and the improvement of FHA loans and includes military housing and many other features as well, which the public generally are supporting and the banks are supporting and the insurance companies are supporting must be passed. I am convinced if we did not have this bill here before us, there probably would be no bill. That would be unfortunate because FHA and all other good features of the bill expires September 30, 1956.

In the event we were to adopt the amendment, which I understand the gentleman from Mississippi is going to offer, which would give the membership a choice to vote on whether or not they wanted public housing and in the event the public housing was stricken from the Widnall bill by the House, we would go back to that experience that I mentioned—what is past is prologue. We would find, after days of conferences, which would take us into next week, what would happen would very likely be what has been our experience in the past, and that is the other body would put in housing and because they have come out, as I said and as I repeat, for 135,000 units over a 5-year period, so it is not likely that the other body is going to let this go any more than they have done so in the past when we have voted public housing out and they have put it in. Then, we decide on considerably more housing units than the 35,000 housing units. You might say this is a compromise on my part because I have never favored public housing, but when the public and the people generally write to you and say that they want the FHA loans and the insurance companies want it and they want the improvements and the military housing, it is pretty hard for LEO ALLEN at this time when we are trying to adjourn to support the amendment, knowing well that it will go to the other body and they will come back after conferences of days and days, and that there will be more public housing than the 35,000 units which the Widnall bill provides. I am respectfully requesting that when the amendment to be offered by the gentleman from Mississippi comes up that we accept this compromise knowing well that the other body will probably do as it has in the past. We have that proposition before us.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. SMITH of Virginia. I think the gentleman inadvertently has not stated my position on this amendment quite accurately. This amendment will not strike out public housing, if you vote for it. If you vote for this amendment, all it does and all that is intended to do is when the bill gets on the floor of the House, some Member may, as he so desires, offer an amendment to strike it out. Then, the House can vote whether they want to strike it out or whether they want to follow the ideas expressed by the gentleman from Illinois [Mr. ALLEN], that it might be better to go along with the compromise proposal. That is all right, if they want to do that. But, what I am asking, and all that I am asking, is that you amend this rule so that you may have the opportunity, if you want the opportunity, to offer an amendment to strike it out and then the House will do as it pleases.

Mr. ALLEN of Illinois. That is my understanding of the gentleman's position. If I misstated it, I apologize to him.

Mr. WIDNALL. Will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. WIDNALL. Does not the substitute bill providing for the 35,000 units of public housing for each year, provide that a workable program and the elimination of slums must be approved by the community before they obtain public housing?

Mr. ALLEN of Illinois. That is true. In view of the fact that there are many things required, the 35,000 units per year is very important, when you look at the overall picture, and when our people so generally favor so many things that are worthwhile.

Mr. SMITH of Virginia. Mr. Speaker, I yield 4 minutes to the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Speaker, the predicament we now find ourselves in is not due to any action on the part of the Committee on Banking and Currency. We went before the Committee on Rules and asked for an open rule. This rule we are discussing is the one we obtained. The gentleman from Virginia complains that this rule reported by his committee is a bad gag rule. But the amendment of the gentleman from Mississippi which the gentleman from Virginia supports is a gag upon the gag. It gives you an opportunity to vote on only one section of the bill providing for public housing. Whether you like public housing or not, I am not going to enter that argument. Unless there is some public housing in this bill, you are going to get no legislation on the subject. Every Senator represents a State in which there is a city with congested areas or slums needing public housing. Those who do not need public housing, and never see it, have a settled aversion to it. But Members who come from Districts that need it are for it. A shining example is the support of public housing by the late Senator Taft who was the acknowledged leader of the Republican Party. Cincinnati, just across the river from where I live, abounds in with public housing largely through his efforts. I have been in conference with him, and I know how earnestly he advocated public housing for



his people. Under this bill the Senate will have an opportunity to take it or leave it. It has been so engineered that there will be no conference. If you strike public housing out of this bill the Senate will not agree and the bill will die. We will have no title I, no college housing, no farm housing, no military housing, as provided herein and I am sure you will be compelled to explain to your constituents.

The able gentleman from Alabama [Mr. RAINS] and his committee worked on the reported bill for about a year. They did a great work. The Rules Committee refused a rule after a very short hearing.

If you vote for this gag amendment you are imposing a gag upon a gag. The argument which the gentleman from Virginia made in regard to the rule applies to the amendment which he is about to offer. I hope the amendment will be defeated.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the distinguished minority leader, the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN. Mr. Speaker, I am sorry we are generating a little heat concerning this legislation. I am honestly convinced that if we are to have any housing bill at all it will be this bill that the Rules Committee has submitted to us.

We, of course, are very jealous of our own prerogatives; we are proud of the House. But we also must recognize that there is another branch of this Congress that is proud also of its prerogatives. Like all legislation, it is a question of give and take in the hope that we can reach a desirable end. There are many who find fault because there is too little public housing. Others say there is too much. Finally, the number of starts is a compromise and necessary to secure the support of the other body.

I think it would be very unfortunate if we went home without renewal of title I, and a continuance of efforts to relieve the drastic housing shortage as far as the military is concerned.

There are also in this legislation other matters like farm housing and college housing that are meeting with more or less demand throughout the country.

The gentleman from Virginia complains about the drastic rule. I know it is drastic, but it is no more drastic than we have had on many occasions in the past week on other pieces of legislation where the Members have had to vote "yes" or "no," on legislation on which if it had been brought up in the regular way would have brought amendments to make the legislation more acceptable. But we had to take it "yes" or "no," and it probably could not have been otherwise, either, because in our efforts to adjourn the Congress at a reasonable date we have to make some of these sacrifices of our privileges.

I say to you this legislation, while it does not meet all the requirements of the President, does not meet all the desires of the committee, we might as well, as the gentleman from Kentucky [Mr. SPENCE] has well said, face the realities of the situation: It is this bill or none.

Do we want to leave here without any housing legislation at all? If you do you

will vote for the Smith amendment, and that will give you your vote as far as public housing or no housing is concerned.

The President does not believe that we should go home without some legislation, but he does not say because his attitude is never dictatorial. He does not say that we cannot go home without passing the bill, but he would like to see us pass some housing legislation before we adjourn. It would make his record of achievements improved.

Unless title I is passed we could well bring about a slowing down of the splendid construction program that is going on in private industry all over this country. Over a hundred thousand starts every month; and that, Mr. Speaker, contributes to the prosperity which we seek here in America. This bill is essential for the continuance of the program to aid private industry to provide the housing the country demands and needs. The building industry I repeat is a vital part of our national prosperity. I say, Mr. Speaker, that the absolute necessity for this public housing item, as the gentleman from Kentucky well said, is that the Senate will not permit any legislation unless we give them some public housing.

Mr. Speaker, we must be realistic about it, let us vote down the amendment to be offered by the gentleman from Virginia. Let us pass the resolution in its present form because that removes us from an unfortunate predicament of our housing legislation. I again repeat it is this bill or no bill and by your vote on the Smith amendment that will be determined.

Mr. Speaker, I hope that amendment will not prevail.

Mr. ALLEN of Illinois. Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of Virginia. Does the gentleman have any further request for time?

Mr. ALLEN of Illinois. Mr. Speaker, I yield my time back to the gentleman from Virginia.

Mr. SMITH of Virginia. Mr. Speaker, I yield to the gentleman from Mississippi [Mr. COLMER] for the purpose of offering an amendment to the rule to carry out what I have described in my previous statement.

Mr. COLMER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLMER: On page 2, line 7, after the word "amendment" insert: "except one amendment to strike out title V authorizing public housing."

Mr. HALLECK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HALLECK. Under the wording of the gentleman's amendment no other amendment would be in order increasing the amount of public housing?

The SPEAKER. All that would be done would be to strike it out.

Mr. COLMER. Mr. Speaker, let me say in the beginning that the gentleman from Indiana is correct in his statement as to what this amendment would do. That is to say, and let us get it straight, the amendment which I have offered

does not strike public housing but, as the gentleman from Virginia explained a moment ago, it merely makes in order when the bill is read under the 5-minute rule a motion to strike the public housing section. I hope that is perfectly clear.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield to the gentleman from Indiana.

Mr. HALLECK. Then it is kind of a one-sided amendment. Those who would like to increase the amount above 35,000, and of course the committee itself reported a bill providing for 60,000 units, would not have an opportunity to increase it.

Mr. COLMER. The gentleman is correct.

Mr. DIES. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield to the gentleman from Texas.

Mr. DIES. If they want to vote for more houses they can vote for the committee bill?

Mr. COLMER. He is talking about this particular amendment, and he is technically correct about it. Of course, if the gentleman from Indiana wants more public housing, there is another way to arrive at it and that is to vote down the previous question on the rule if this amendment prevails or does not prevail; then he can get an open rule and get all the public housing he wants.

Mr. HALLECK. Mr. Speaker, will the gentleman yield further?

Mr. COLMER. I yield.

Mr. HALLECK. I am for the 35,000 units, and that is all I am for. That is plenty, so far as I am concerned.

Mr. COLMER. I am glad to get the gentleman straight on that, because I thought he was worried for a moment that he would not have an opportunity to raise it, and that was a little difficult for me to understand.

The gentleman from Virginia explained just what happened with reference to this housing bill. The Committee on Rules refused to grant a rule on the banking and currency housing bill, and the responsibility for that lies with those who are responsible, and I want to take my share of the responsibility for it as one of the members of that committee. If anybody else wants to take responsibility for it, they have that privilege.

Now, the time then came about, as it always comes about, when pressure is applied, and then a motion was made to reconsider, and this bill was reported out of the committee under a strait-jacket rule. Now, we have been accustomed—and I want my liberal friends on the right to listen to this—we have been accustomed to having closed gag rules on revenue bills, but I say to you that this is the first time that we have ever had a closed rule on a public housing bill to my knowledge, and I do not think anybody can gainsay that. But, it is not only a closed rule, but under this rule, if approved here, and which you are going to vote on, and which I opposed in committee, you people over there on my left, the minority, are even denied the privilege of a motion to recommit with



instructions. You have just got to take it or leave it.

Now, I say that is not the democratic process. It all comes back to this one question: Is this House going to reverse its position, or is it going to have an opportunity to reverse its position or an opportunity to stand with its traditional position of voting against public housing? Now, you cannot go back home and say, "Well, the Committee on Rules brought this thing out and there was not anything I could do about it; I just had to take it or leave it." You have an opportunity right here and now to say what you want to do about it.

Yes; you know what is going to happen. This bill is going over to the other body, you know, the responsible body over there, the body that has the privilege of legislating—they do not put themselves in any straitjacket—and it is going to come back here with 135,000 units, just as the gentleman said, or 200,000 or some other number from the conservative body over there, and then we are going to be asked, after the conferees meet, to strike a balance and take, well, let us say, half of it, and thereby get more public housing. Now, that is the way the thing has worked heretofore. I wonder sometimes if the people back home really know just what goes on up here and how we put ourselves in this unenviable position and then go back home and try to dodge the issue. The issue here today is whether you want to follow what you had the opportunity to do heretofore, and either vote for or against public housing. If you want to follow that procedure, then vote for this amendment. If you do not, then take the responsibility.

Mr. SMITH of Virginia. Mr. Speaker, it has been called to my attention that the part relating to public housing is only that part on page 36. There are other elements contained in that title which do not pertain to public housing. I think the objective of those of us who are opposed to public housing is to have an opportunity to vote on the one section of public housing.

I would suggest to the gentleman from Mississippi [Mr. COLMER] that it might be better to offer an amendment to his amendment, confining it to that part of title V which is found on page 36, line 7, to line 10 on page 37, if that is agreeable to the gentleman.

(Mr. BARRETT asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BARRETT. Mr. Speaker, the general housing bill, H. R. 11742, now before us for consideration, has many good features, but my only reservation is that it does not go far enough. However, it is a step in the right direction and it contains a number of programs that will keep our housing industry healthy and meet at least some of the housing needs of our less fortunate citizens.

At this point I would like to comment especially on the sections of the bill which deal with low-rent public housing and with housing for our elderly citizens.

Frankly, it is a mystery to me why the merits of a public-housing program even have to be debated. To those of us who

know the terrible problems facing our low-income groups, the urgent need for a large low-rent public-housing program is unquestionable. I find it hard to understand how anyone can oppose public housing. Just as our farmers need special support programs; just as our workmen need laws to protect their rights; just as our businesses need various forms of Government support, so do our Nation's cities need low-rent public housing, which is the only answer to the housing problems of our lower income groups.

The Congress has passed numerous laws designed to help our cities clear away their terrible slums, which are a blot both on the face and the conscience of the Nation. Unfortunately, I do not think the administration is pursuing the slum-clearance program nearly as vigorously as it should. Our special Subcommittee on Housing held many days of hearings in various cities throughout the United States, and we learned that the slum-clearance and urban-renewal program in more ways than one is bogged down by redtape and buckpassing between administrative agencies.

But with the prodding of Congress, the slum clearance program finally seems to be gaining momentum. Nevertheless, if it is ever to get up full steam the Congress must at the same time provide for large numbers of low-rent public housing units.

The blunt fact is that most of the unfortunate people now forced to live in slum areas do not have high enough incomes to enable them to afford decent, safe, sanitary private housing. Unless our Government provides decent housing for them at a rent they can afford to pay, these poor unfortunate people will merely be forced to move from one slum area to another.

The opponents of public housing have no answer to this problem and apparently are not concerned about the welfare of our low-salaried citizens. Instead of facing it realistically and admitting the need for a large-scale public housing program, they either take refuge in double talk or turn their eyes away from the problem which is so real and pressing for the families forced to live in slum areas.

The housing bill now before us provides for 50,000 units of new public housing a year for 3 years. In addition, it would provide an additional 10,000 units a year for 3 years of low-rent housing for our forgotten elderly citizens, who have barely enough income to buy food much less pay rent for a decent place to live.

Frankly, I am ashamed of such a pitifully inadequate program. Now the Republican administration recommends a further reduction in the number of public housing units. This I cannot understand because I am doubtful whether 50,000 units of public housing a year can even begin to meet the public housing needs created by the slum clearance and urban renewal programs. It will not even touch the very real need for public housing that exists and will continue to exist in Philadelphia and our other metropolitan areas.

For years the home building industry, backed by the full support of Gov-

ernment housing programs, has built in excess of 1 million units a year for the private housing market, that is for people in the middle or higher income groups who can afford such housing. I think this has been a most desirable achievement because it has furthered the American goal of home ownership and has strengthened our national economy.

But unfortunately, the home building and real estate lobbies have not been satisfied with their tremendous profits. Whatever their motives have been, for some strange reason, they have waged a lobbying campaign against public housing for our lower income families. I can only hope and pray that these opponents of public housing will someday see the light.

In addition to providing 10,000 low-rent public housing units a year for elderly citizens, the bill would make elderly single persons eligible under the regular public housing program. This feature of the bill would permit them to leave their dingy rooms and enjoy their remaining years in comfort. However, the administration proposes to strike this provision from the bill.

The bill further sets up an entirely new program for housing for the elderly which offers great promise. Long-term, low-interest loans would be made available to nonprofit corporations sponsored by charitable, fraternal and civic institutions desiring to build housing for elderly citizens, which would provide them with decent housing at a modest rental. However, the administration has ordered this provision stricken from the bill.

The bill also contains many other important provisions designed to bolster our home building industry and to meet other special housing needs.

To relieve the tight mortgage money situation prevailing in many areas, the bill would liberalize the secondary market program of the Federal National Mortgage Association which supports the private market for FHA and GI loans.

To increase funds for GI loans, the bill would authorize investment of 10 percent of the national service life insurance fund in GI loans in areas where mortgage discounts are heaviest. However, the administration is opposed to this feature also.

I am happy to see that the bill also has provisions to stimulate more FHA section 213 cooperative housing. Special aids to other essential housing programs featured in the bill are: liberalization of the vitally needed military housing program, a 5-year loan program for farm housing, and additional funds for college housing to help our institutions of higher learning meet the strain of ever increasing enrollments.

An extremely important section of the bill would attempt to breathe more life into the slum clearance and urban renewal program. For those families displaced by slum clearance operation whose incomes are just a little too high to make them eligible for public housing, but who can afford private housing, the bill would liberalize FHA mortgage terms to permit 40-year loans with no down



payment. It would also permit higher mortgage ceilings so that FHA's urban renewal insurance program can really work in our larger cities.

I am pleased the bill proposes to do justice to the people and small businesses displaced by slum clearance operations. The bill would provide for payment of family moving expenses and also pay small business concerns moving expenses and other losses. Liberal term low-interest loans would also be made available through the Small Business Administration to help the relocation of displaced small businesses. However, the administration is against helping these small businesses relocate.

Mr. Speaker, a lot of hard work has gone into this bill and I am glad to say it has many worthwhile features. My only regret is its failure to provide an adequate and realistic public housing program. I can only hope that the legislation which finally emerges this year will correct this failing and provide the large scale low-rent public housing program that our country's welfare demands.

Mr. COLMER. Mr. Speaker, I ask unanimous consent that my amendment may be amended to provide what the gentleman from Virginia [Mr. SMITH] has suggested.

Mr. KEATING. Mr. Speaker, reserving the right to object, do I understand that there is an amendment pending now to the rule?

The SPEAKER. There was an amendment offered by the gentleman from Mississippi, Mr. COLMER.

Mr. McCORMACK. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, I hope the amendment offered by the gentleman from Mississippi will be defeated.

I yield back the balance of my time.

Mr. COLMER. Mr. Speaker, I withdraw my original amendment and I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. COLMER: On page 2, line 7, after the word "amendment", insert: "except the provision on page 36, line 7 to page 37, line 9."

Mr. SMITH of Virginia. Mr. Speaker, do I have the floor?

The SPEAKER. The gentleman from Mississippi [Mr. COLMER], did have the floor, but he yielded it.

Mr. COLMER. Mr. Speaker, I yield to the gentleman from Virginia [Mr. SMITH].

The SPEAKER. The gentleman from Mississippi had the floor, but he yielded it.

Mr. SMITH of Virginia. Mr. Speaker, I reclaim the floor.

Mr. Speaker, what this does is to carry out my original intention when I spoke a while ago. The reason for this confusion is that this bill was introduced on one day, printed that night and some copies were hurried over from the Government Printing Office to the Committee on Rules by 10:30 o'clock so that we could gag you boys. No one had the opportunity to read or study the bill. We were told, or given to understand, that title V was the public housing title. It appears there are a number of other

things in title V. The reason we are asking to restrict the original amendment is so that we may deal solely with the subject that I spoke about in my opening remarks, namely, the opportunity to discuss public housing. The amendment is so put that you can vote any amendments to public housing that you wish. For instance, there are a great many gentlemen here who feel like going along with the other body and increasing this public housing. This gives them the opportunity to do so if they so desire. It would also give you the opportunity to strike it out or to reduce it. That is the change in the amendment.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. BROWN of Ohio. Is the gentleman certain that the amendment proposed would deal with the Widnall substitute bill, or would it deal with the original bill?

Mr. SMITH of Virginia. It follows right after the closed-rule provision on the Widnall bill, so it deals with the Widnall bill only.

Mr. BROWN of Ohio. The page numbers, if I understand correctly, referred to in the gentleman's motion to amend are the pages dealing with the Spence bill, not with the Widnall bill.

Mr. SMITH of Virginia. The gentleman is right.

Mr. BROWN of Ohio. Perhaps it would be advisable for the gentleman to amend his amendment to the amendment.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Indiana.

Mr. HALLECK. It looks to me as if we had better go on with this rule the way it is and adopt the bill, because the amendment as originally offered refers to the committee bill. What we are hoping is that the substitute will be adopted.

Mr. SMITH of Virginia. I think it does not make much difference. I withdraw the amendment, Mr. Speaker, and I move the previous question on the Colmer amendment and rule.

The previous question was ordered.

The SPEAKER. Does the gentleman from Mississippi withdraw the amendment?

Mr. McCORMACK. Mr. Speaker a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McCORMACK. My parliamentary inquiry is, the gentleman from Virginia had an hour under the rule and he yielded to the gentleman from Mississippi to offer an amendment. My understanding is that the gentleman from Virginia then lost the floor, control of the time.

The SPEAKER. That is correct.

Mr. McCORMACK. Then the gentleman from Mississippi [Mr. COLMER] offered his amendment. Then he spoke and yielded back his time. Then I was recognized for an hour and I spoke and yielded back my time. Then the gentleman from Mississippi offered a substitute amendment. That meant he would be entitled to be recognized for 1 hour?

The SPEAKER. He withdrew the amendment and offered another amendment.

Mr. McCORMACK. In other words, no other Member now could be recognized for an hour on the substitute amendment, because if it were so, I would want to be recognized.

The SPEAKER. Not if the previous question was ordered.

Mr. COLMER. Was the previous question ordered on my original amendment?

The SPEAKER. On the resolution.

Mr. COLMER. But on the original amendment.

The SPEAKER. On the original amendment. The Chair is willing to take that if that is the desire of the gentleman from Mississippi.

Mr. COLMER. That is it.

Mr. YATES. Mr. Speaker, I ask unanimous consent that the amendment be again reported, so that we may know what we are voting on.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. COLMER: On page 2, line 7, after the word "amendment", insert "except one amendment to strike out title V authorizing public housing."

The SPEAKER. The question is on the amendment to the rule.

The question was taken; and on a division (demanded by Mr. COLMER) there were—ayes 91, noes 128.

Mr. COLMER. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

Mr. HIESTAND. Mr. Speaker, may we have the amendment read once more?

The SPEAKER. Technically, that would be out of order, but without objection the amendment may be read again.

The Clerk again reported the amendment.

Mr. HIESTAND. Mr. Speaker, there is a misunderstanding as to whether the title V referred to is in the Spence bill or the Widnall bill—they differ.

The SPEAKER. That is not a question for the Chair to determine.

The question was taken; and there were—yeas 92, nays 299, not voting 41, as follows:

[Roll No. 119]

YEAS—92

Abbutt	Dies	King, Pa.
Adair	Dorn, S. C.	Landrum
Alexander	Durham	Lovre
Alger	Evins	McCulloch
Andrews	Fisher	McGregor
Ashmore	Flynt	McMillan
Barden	Forrester	McVey
Belcher	Gary	Mack, Wash.
Berry	Gentry	Mahon
Betts	Gwinn	Mason
Bolton,	Hale	Matthews
Oliver P.	Haley	Miller, Nebr.
Bonner	Hardy	Minshall
Bow	Harrison, Nebr.	Murray, Tenn.
Brown, Ga.	Harrison, Va.	Nicholson
Brown, Ohio	Harvey	Osners
Carlyle	Henderson	Passman
Cederberg	Herlong	Phillips
Chase	Hess	Poage
Church	Hyde	Ray
Colmer	Jackson	Reed, N. Y.
Coon	Jonas	Rhodes, Ariz.
Davis, Ga.	Jones, N. C.	Richards



Robeson, Va.  
Rogers, Fla.  
Rogers, Tex.  
Rutherford  
Schenck  
Scherer  
Scrivner  
Selden  
Sheehan

Shuford  
Siler  
Smith, Kans.  
Smith, Va.  
Smith, Wis.  
Taber  
Teague, Tex.  
Thompson,  
Mich.

Tuck  
Vorys  
Vursell  
Weaver  
Williams, Miss.  
Willis  
Winstead

Wainwright  
Walter  
Watts  
Westland  
Wharton  
Wldnall  
Wier

Wigglesworth  
Williams, N. J.  
Williams, N. Y.  
Wilson, Ind.  
Withrow  
Wolcott  
Wolverton

Wright  
Yates  
Young  
Younger  
Zablocki  
Zelenko

#### NAYS—299

Abernethy  
Addonizio  
Albert  
Allen, Calif.  
Allen, Ill.  
Andersen,  
H. Carl  
Andresen,  
August H.  
Anfuso  
Arends  
Ashley  
Aspinall  
Auchincloss  
Avery  
Ayres  
Baker  
Baldwin  
Barrett  
Bass, N. H.  
Bates  
Beamer  
Becker  
Bennett, Fla.  
Bennett, Mich.  
Bentley  
Blatnik  
Blitch  
Boggs  
Boland  
Bolting  
Bolton,  
Frances P.  
Bosch  
Bowler  
Boykin  
Boyle  
Bray  
Brownson  
Broyhill  
Buckley  
Budge  
Burdick  
Burnside  
Bush  
Byrd  
Byrne, Pa.  
Byrnes, Wis.  
Canfield  
Cannon  
Carllgg  
Celler  
Chelf  
Chenoweth  
Chiperfield  
Christopher  
Chudoff  
Clark  
Cole  
Cooley  
Cooper  
Corbett  
Coudert  
Cramer  
Cretella  
Crumpacker  
Cunningham  
Curtis, Mass.  
Curtis, Mo.  
Dague  
Davidson  
Davis, Tenn.  
Dawson, Utah  
Deane  
Delaney  
Dempsey  
Denton  
Derounian  
Devereux  
Diggs  
Dingell  
Dixon  
Dodd  
Dollinger  
Dolliver  
Dondero  
Donohue  
Donovan  
Dorn, N. Y.  
Doyle  
Eberharter  
Edmondson  
Elliott  
Ellsworth

Engle  
Fallon  
Fascell  
Feighan  
Fenton  
Fernandez  
Flno  
Fjare  
Flood  
Fogarty  
Forand  
Ford  
Fountain  
Frazier  
Frelinghuysen  
Friedel  
Fulton  
Garmatz  
Gathings  
Gavin  
George  
Grant  
Gray  
Green, Oreg.  
Green, Pa.  
Gregory  
Griffiths  
Gross  
Gubser  
Hagen  
Halleck  
Hand  
Harden  
Harris  
Hays, Ark.  
Hays, Ohio  
Hayworth  
Healey  
Heselson  
Hiestand  
Hill  
Hillings  
Hinshaw  
Hoeven  
Hoffman, Mich.  
Hollifield  
Holland  
Holmes  
Holt  
Holtzman  
Hope  
Horan  
Hosmer  
Huddleston  
Hull  
Ikard  
James  
Jenkins  
Jennings  
Johnson, Calif.  
Johnson, Wis.  
Jones, Ala.  
Jones, Mo.  
Judd  
Karsten  
Kearney  
Kearns  
Keating  
Kee  
Kelly, N. Y.  
Keogh  
Kilburn  
Kilday  
Kilgore  
King, Calif.  
Kilwan  
Klein  
Kluczynski  
Knox  
Knutson  
Krueger  
Laird  
Lanham  
Lankford  
Latham  
LeCompte  
Lesinski  
Lipscomb  
McCarthy  
McConnell  
McCormack  
McDonough  
McDowell

McIntire  
Macdonald  
Machrowicz  
Mack, Ill.  
Madden  
Magnuson  
Mailliard  
Marshall  
Martin  
Meador  
Merrow  
Metcalf  
Miller, Calif.  
Miller, Md.  
Miller, N. Y.  
Mills  
Mollohan  
Morano  
Morgan  
Moss  
Moulder  
Multer  
Mumma  
Murray, Ill.  
Natcher  
Norblad  
Norrell  
O'Brien, Ill.  
O'Brien, N. Y.  
O'Hara, Ill.  
O'Konski  
O'Neill  
Ostertag  
Patterson  
Pelly  
Perkins  
Pfost  
Philbin  
Pilcher  
Pillion  
Poff  
Polk  
Price  
Prouty  
Quigley  
Rabaut  
Radwan  
Rains  
Reece, Tenn.  
Rees, Kans.  
Reuss  
Rhodes, Pa.  
Rhehlman  
Riley  
Rivers  
Roberts  
Robison, Ky.  
Rodino  
Rogers, Colo.  
Rogers, Mass.  
Rooney  
Roosevelt  
Sadlak  
St. George  
Saylor  
Schwengel  
Scott  
Seely-Brown  
Sheppard  
Sieminski  
Sikes  
Simpson, Ill.  
Sisk  
Smith, Miss.  
Spence  
Springer  
Staggers  
Steed  
Sullivan  
Talle  
Taylor  
Teague, Calif.  
Thomas  
Thompson, N. J.  
Thompson, Tex.  
Thomson, Wyo.  
Tollefson  
Trimble  
Udall  
Utt  
Vanik  
Van Pelt  
Van Zandt  
Velde

#### NOT VOTING—41

Bailey  
Bass, Tenn.  
Baumhart  
Bell  
Brooks, La.  
Brooks, Tex.  
Burleson  
Carnahan  
Chatham  
Clevenger  
Davis, Wis.  
Dawson, Ill.  
Dowdy  
Gamble

Gordon  
Hébert  
Hoffman, Ill.  
Jarman  
Jensen  
Johansen  
Kelley, Pa.  
Lane  
Long  
Morrison  
Nelson  
O'Hara, Minn.  
Patman  
Powell

Preston  
Priest  
Scudder  
Shelley  
Short  
Simpson, Pa.  
Thompson, La.  
Thornberry  
Tumulty  
Vinson  
Whitten  
Wickersham  
Wilson, Calif.

So the amendment was rejected.

The Clerk announced the following pairs.

On this vote:

Mr. Hébert for, with Mr. Bailey against.  
Mr. Bell for, with Mr. Kelley of Pennsylvania against.  
Mr. Chatham for, with Mr. Gordon against.  
Mr. Jarman for, with Mr. Powell against.  
Mr. Johansen for, with Mr. Shelley against.  
Mr. Hoffman of Illinois for, with Mr. Tumulty against.  
Mr. Baumhart for, with Mr. Carnahan against.

Until further notice:

Mr. Morrison with Mr. Clevenger.  
Mr. Whitten with Mr. Davis of Wisconsin.  
Mr. Brooks of Louisiana with Mr. Nelson.  
Mr. Burleson with Mr. O'Hara of Minnesota.  
Mr. Brooks of Texas with Mr. Jensen.  
Mr. Dowdy with Mr. Wilson of California.  
Mr. Patman with Mr. Simpson of Pennsylvania.  
Mr. Preston with Mr. Scudder.  
Mr. Vinson with Mr. Short.  
Mr. Priest with Mr. Gamble.

Mr. RILEY, Mr. KEARNS, Mr. BROYHILL, Mr. DOLLIVER, Mr. AUGUST A. ANDRESEN, Mr. UTT, Mr. BUDGE, Mr. PILLION, Mr. LATHAM, and Mr. BOSCH changed their votes from "yea" to "nay."

Mr. MILLER of Nebraska changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

#### HOUSING BILL OF 1956

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 11742, with Mr. EDMONDSON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Alabama [Mr. RAINS].

Mr. COLMER. Mr. Chairman, will the gentleman yield briefly to me for the purpose of clarifying what happened a few moments ago with reference to my amendment?

Mr. RAINS. I yield to the gentleman from Mississippi.

Mr. COLMER. Mr. Chairman, a very unfortunate incident has just happened, and since it is confusing, I think I owe it to the House and for the RECORD to explain the situation.

My amendment was hastily drawn and was inaccurate in that it would not have achieved the desired purpose of giving the Members an opportunity to vote on public housing had it been adopted.

It will be recalled that there are two bills, H. R. 11742 and H. R. 12328, dealing with housing.

The amendment was prepared by me here at the desk just before the rule was called up. Inadvertently I picked up H. R. 11742, which contained the public housing section entitled V and drew my amendment rather hastily, I repeat, to fit that bill. This was a mistake. I should have drawn my amendment to apply to section IV of the bill, H. R. 12328, the bill under consideration.

This error was not discovered until it was too late to correct it. Many Members who voted against the amendment would have voted otherwise had the amendment been correctly drawn to achieve the objective sought.

I regret this mistake exceedingly. And, while it illustrates the difficulty of legislating in this hurried fashion in the dying days of the Congress, I must take full responsibility for the error.

Therefore, the vote just taken was not a fair test of the sentiments in this House on the public housing question.

(Mr. COLMER asked and was given permission to revise and extend his remarks.)

Mr. RAINS. Mr. Chairman, this is an important piece of legislation; in fact, it involves authorizations in the billions.

I should like to say to the Members of the House that the Committee on Banking and Currency is not at fault because of the necessity which puts this bill before you in the haste and hurry of the closing hours of the Congress. We presented this bill to the Committee on Rules, as I recall, on June 29 in the hope that we would be able to get an open rule so that all germane amendments would be in order and we could debate this bill under the proper parliamentary procedures and then come out with a bill which was the will of the House and the will of the Senate and the will of the Congress of the United States. So, if there is any feeling of resentment by anybody about the fact that the bill now comes out this late and hobbled with a gag rule, it is not the fault of the members of the Committee on Banking and Currency.

This bill represents an intensive study and long hearings. It represents more than a year's hard work by a subcommittee authorized by special resolution by the House of Representatives to study all of the facets of the housing problem. I want to express publicly my thanks to the members of the subcommittee who traveled with me all over the United States to



various cities and sections all over the Nation in order to find out at the grass-roots level the housing problems of the country. In my 12 years on the Committee on Banking and Currency, and I measure my words when I say this, there has never been a bill presented to the Congress that has had as much study and constructive hard work as this bill represents today. We had more than 2,500 pages of hearings—not just here in Washington but all across the country. Then we had a month of hearings before the Committee on Banking and Currency. While no piece of legislation is perfect, the bill comes as near as any piece of housing legislation that has ever been presented to the Congress to meet the needs of the housing industry. Before I get into a detailed analysis, I want to bring your attention to several vital factors affecting housing generally. In the first place, the housing business in this country is not in good shape today. Housing starts for the last several months have been falling off at an alarming rate. In fact, in this year in which it was estimated by those in the housing agency that we would have 1,300,000 starts, we are going to do well if we have a million. Interest rates are high across the Nation for everybody who wants to buy and own a home. High discount rates have jumped up like phantoms in every section of the country—6 percent, 7½ percent, 8 percent, and 9 percent for veterans and people who want to utilize the FHA insured loans. The housing industry, as you know, is a very vital segment of the national economy. If Congress were to adjourn without passage of a housing bill, it is my considered judgment it would take a bite out of the national economy at the very minimum of perhaps \$12 to \$18 billion. Not only would you deny and defeat the people who want so much to own their own homes and to have decent shelter, but you would also adversely affect very seriously the prosperity of the Nation at the same time.

The bill itself, when we presented it to the Committee on Rules on June 29 was blasted by the administration. Although I think they were overtalking themselves. Now when I say it was blasted by the administration, I mean the housing administrator who said it was "ill conceived," "excessive," and so forth. But the plain fact is this: If what he said about the committee bill were true—and I certainly do not think that it is—90 percent or more of it would be applicable to the Widnall bill. The simple truth of the business is, and I want you to know it is that the substitute bill carries 90 percent or more of the same provisions of the bill reported by the Committee on Banking and Currency.

I think you would like to know the main items of difference between the two bills. In general, these are the items of difference:

In the first place, we wrote into the committee bill a section which would effectively provide housing for the old people. As chairman of the subcommittee, I received more mail in support of housing for the elderly than I did for any other section of the bill. In the light of the fact that people are living longer,

that a greater percentage of our population is above 65 years, it is absolutely urgent that this Congress make some provision for the elderly people; something more than a token provision for housing for the elderly. So we have in the committee bill a section which would provide for direct Government loans to nonprofit organization to build housing for the elderly. It is our expectation that if that is written into law a great percentage of that housing would be built by private enterprise. That is not in the Widnall bill.

I mentioned a while ago the high discount rates across the country. There are sections of this country, not only in my Southland but even in California, where the high discount rates on mortgage money is almost unbelievable. So we put a section in the Banking and Currency Committee bill, which is before you, to utilize 10 percent of the national servicemen's life insurance fund in GI guaranteed home mortgages. Remember this is the money of GI policyholders; it does not belong to the Government; it belongs to the GI's in this country. We simply would authorize 10 percent of these funds to be invested in guaranteed home loan mortgages, with all of the qualifications and restrictions necessary to keep safe and secure the trust fund of the GI national servicemen's life insurance fund. It would provide \$500 million for loans to GI's only. In the high discount areas this is essential. That is not in the Widnall bill.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. McDONOUGH. I want to associate myself with the remarks of the gentleman concerning the use of 10 percent of the National Servicemen's Life Insurance fund for secondary mortgages. I have worked with the chairman of the subcommittee, being a member of the subcommittee that investigated housing, for the past 2 years. We find there is urgent necessity for a second mortgage market to supplement FNMA, and that the investment of 10 percent of National Servicemen's Life Insurance fund in such mortgages would be a great benefit to the interest return. I enjoyed my association with the gentleman in the committee work. I find there was a conscientious effort to study out the housing program across the Nation by the subcommittee in every respect.

Mr. RAINS. I appreciate the gentleman's remarks.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. BROWN of Georgia. I want to congratulate the gentleman from Alabama on the splendid speech he is making. I voted for the committee bill and I expect to vote for the committee bill if I have a chance. If we lose on it, I expect to vote for the Widnall bill. I voted for the amendment offered by the gentleman from Mississippi [Mr. COLMER], to give the right to every Member to express his will on public housing. I think that is the only controversial matter in this bill. I expect to support the Committee on Banking and Currency.

We asked for home rule. I still want home rule. If I cannot get full home rule, I will vote for half of it.

Mr. RAINS. I appreciate the remarks of the gentleman from Georgia, who is one of the most outstanding members of the Committee on Banking and Currency, as we all know.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. VANIK. I would like to associate myself with the remarks of the gentleman from Alabama. I want to point out that when the subcommittee was touring the country, among the cities visited was my city of Cleveland. The need of the secondary mortgage market I think was quite obvious to the committee, more so in Cleveland than in many parts of the country because of the land title situation and the devious requirements incident to home ownership.

I want to commend the gentleman for the fine work he has done on this committee.

Mr. RAINS. I appreciate the gentleman's kind remarks.

I want to get back now to the other differences between the two bills, so that you may know what you are voting on.

There are some differences as reflected in the liberalization of credit in the committee bill. They are minor, in my opinion.

There are some differences in cooperative housing in which the committee bill gives more special assistance to certain cooperatives than does the substitute bill.

The other important difference, I think, is the public housing feature, and this is a title in which the Members are very much interested. The difference between the two bills is this: In the Banking and Currency Committee bill there are authorized 10,000 units per year of housing for each of 3 years for elderly people; there are 50,000 units each year for 3 years of public housing generally, based on need.

In the substitute bill there are 35,000 units only, and these are subject to the workable program requirement. So that is the difference between the two bills on the item of public housing.

I should like to say to you, even though I come from an area where public housing is not as critical as it is in many of the great cities of the country, that it is my considered judgment that we ought not to have legislation on this difficult and important subject of housing without a considerable number of units to assist the cities in clearing slums and in providing for the truly unfortunate and underprivileged. So it is my judgment that the minimum housing we ought to provide under housing is 50,000 units a year.

Apart from these differences, the bills are about the same. In each of the bills there is the item for military housing, title 8 as we knew it in the Housing Act of last year. It is a section of the bill which is very much desired by the military in order to provide some adequate housing on military bases for the men, and this was advocated by General Le-



May in his appearance before our committee.

In the bill also, I may say to the friends of agriculture, for the first time in a long time there is a 5-year program in each bill for farm housing through the Farmers' Home Administration. They are identical in each bill.

There is also the college housing program which is, as I recall it, identical in each bill.

And there are the items transferring the various public housing projects to military establishments, and so forth. They are identical in each bill.

So what you actually have is a choice between what I am sure is a better bill—the committee bill—and the substitute bill which is not a bad bill. If the substitute bill had more units of public housing, had really effective provisions to get housing for the elderly, and took care of the lending agencies, I would say myself that it was a good bill. Why not? It represents substantially the work of the Banking and Currency Committee and the Housing Subcommittee as I said, for a full year. But you do have these three major differences. They make the difference between a good housing bill and a bill that does not effectively meet the real needs.

Mr. Chairman, I feel I must comment further upon the administration's actions after the Banking and Currency Committee reported H. R. 11742. The administration issued a press release charging that the committee bill was unrealistic, excessive, and ill-conceived. These charges were an unwarranted attack upon a committee of the House and, in my judgment, were completely unfounded and were a deliberate attempt by the administration to sabotage a good bill. Actually, this was done purposely and in order to throw up a smokescreen to hide the deficiencies and shortcomings of the administration's housing bill, which was an inadequate and a half-hearted effort by the administration to correct known deficiencies of the Federal housing programs.

In broad terms, the committee bill has two primary objectives. The first is to help the home-building industry maintain its vital supporting role to a sound and prosperous overall economy. The second objective of the bill is to provide the necessary aids to meet a number of desirable and pressing special housing needs, for example, housing for the elderly, housing for lower income groups, farm housing, housing vital to slum-clearance operations, college housing, and military housing.

This month, July 1956, finds the home-building industry in one of the most serious conditions that the industry has experienced since the end of World War II. Right at the present time, housing starts are at an unseasonably low rate, FHA and VA applications have continued to decline while on the other hand, mortgage money is the tightest it has been since World War II. As a result, mortgage discounts have been steadily increasing at the expense of the builder and the home buyer who have been caught between rising costs and tightening mortgage money.

Housing starts in May were 24,000 below May 1955. In June, housing starts continued to slide, dropping 3 percent to 104,000 with private starts numbering 102,300. These private starts represented a seasonally adjusted annual rate of 1,070,000, the lowest point in 2½ years and approximately 200,000 below June 1955.

The dollar volume of residential construction has declined less than the number of units which, of course, reflects higher costs which pushed to a new high in June. Bigger and better homes are being produced, but this means, of course, that fewer lower-cost homes are being constructed.

It should be noted that May and June housing starts reflect mortgage conditions of 4 to 6 months ago. The much tighter mortgage conditions that now prevail will show up in housing starts 4 to 6 months from now unless some relief is forthcoming. Probable future housing volume is foreshadowed in VA appraisal requests and FHA applications being made at the present time. These, too, have been declining in recent months. VA appraisal requests in May and June were down slightly from April and May but nearly 40 percent below a year ago.

FHA applications have also shown sharp declines over a year ago although currently running about the same level in recent months. It would appear then that housing starts undoubtedly will not increase within the immediate future and may even show a further decline.

At the present time there is no indication that there will be any easing of the mortgage market in the near future. The overall money markets have become very tight during the spring and there has not been any easing of that condition to date. Bond prices fell in February after rising for some months and have continued down ever since.

Although many financial experts have been predicting that mortgage money shortages would be over by spring two events have combined to prevent that development. There has been an enormous demand for credit of all kind due to the tremendous business boom this year. This has been true in every area except for consumer financing where the decrease in new auto sales has meant a reduced demand. Inventory accumulation mostly of raw materials and semi-processed items, always a characteristic of an expansion phase, has been moving quickly and this, too, uses credit.

At the same time, savings have not been building up at a level needed to support all the new investment. This is particularly true for the savings and institutional fund accumulations so important for home building. Funds flowing into the major institutional investors who provide most of the housing credit are below last year. Last year at this time money began to tighten appreciably.

A combination of forces have been at work in the money market place—heavy demand and failure of supply to increase. The result has been, of course, less supply of money to go around for residential mortgage and construction financing. This in turn has resulted in in-

creasingly higher discounts that had to be paid for this type of money.

Coupled with the well-recognized increasing costs of land, labor, community facilities, and materials, this decreasing supply of mortgage money is not only causing total production to fall but the home-building industry is being forced to abandon the low down-payment, low monthly carrying charge pattern of mortgage financing which has been a basic factor in development of mass production home building in the past 20 years. If the present trend continues, the average home buyer will progressively be deprived of the opportunity to acquire a suitable home at terms within his ability to pay.

The conclusion to be drawn from these forces is obvious. That is, of course, that the impact of higher costs, higher discounts, tighter mortgage financing will cause a decrease in the housing starts for this year and future years until some relief is given to the home-building industry. Building throughout the country has reflected the impact of these forces in the gradual decline of building being constructed at the present time and in the planning stage for the future. The industry will need every assistance it can obtain if it is to fulfill its job of providing more and better homes for the families of this country.

The committee bill would provide a much-needed stimulus to the rate of housing construction which is now far below the levels of a year ago. For one thing, the bill would liberalize the credit support to the home-building industry furnished by the mortgage purchase operations of the Federal National Mortgage Association. By lowering the stock purchase requirement, it would reduce the costs of doing business with FNMA so that builders and mortgage lenders can more readily use the support facilities of FNMA. It would authorize advance commitments under FNMA's secondary market operation in order to furnish needed production support to home builders in many parts of the country. It would give special aid to the special assistance program of FNMA which is designed to support such worthwhile housing programs as urban renewal housing, cooperative housing, disaster housing, and military housing. FNMA would be directed to pay par for such mortgages for a limited period and the bill would provide additional funds to support these special housing programs.

To supplement FNMA's support and to combat the excessive discounts which have plagued GI loans in many parts of the country, the committee bill would authorize investment of 10 percent of the national service life insurance reserves in GI mortgages in those parts of the country where discounts are heaviest. This would provide a "shot-in-the-arm" of about \$500 million to those areas in greatest needs of additional mortgage funds. Our bill contains protective features which would guarantee absolutely the safety of the national service life insurance fund, and the earnings of the fund would, in fact, be increased by the addition of higher yielding guaranteed mortgages to its portfolio.



In addition, builder participation in the GI and FHA loan programs would be encouraged by a provision in the bill authorizing higher commitments to builders so that they can obtain more liberal construction financing.

Taken together, these measures will provide a much-needed stimulus and should help to forestall any further decline in the home-building industry, which furnishes such a vital underpinning to our overall economy.

For the first time and at long last, our bill would provide aid for a deserving group of our citizenry whose housing needs have been too long neglected. The bill would provide two major programs to help meet the pressing housing needs of our elderly citizens in the 65-years-or-over age brackets.

For our elderly citizens in the most dire need, the committee bill would authorize 10,000 additional low-rent public-housing units a year for a 3-year period. The bill would also make elderly single persons eligible under the regular low-rent public-housing program. Thus, our bill would provide urgently needed housing help to those unfortunates among our elderly citizens who barely have enough income to buy food let alone decent and adequate housing.

As another means of meeting the housing problem facing elderly citizens, the committee bill would establish a new loan program within the Housing and Home Finance Agency. Two hundred and fifty million dollars would be provided for loans to nonprofit corporations desiring to build housing at moderate rentals for elderly citizens. To keep the rentals charged at the lowest possible level, our bill would provide financing to nonprofit charitable institutions at very favorable terms, that is, 50-year loans at 3½ percent interest. The committee bill contemplates that at least part of the financing will be provided by private capital.

H. R. 11742 provides one additional support to elderly citizens who want to buy homes under the FHA-insured loan program. This would be done by permitting a borrower over 60 years of age to borrow the required downpayment from a relative or some other individual.

For low-income families generally, our bill would provide a substantial number of low-rent public-housing units—50,000 units a year for a 3-year period. I believe this program to be the absolute minimum which can in conscience be endorsed.

Everyone would prefer to see the housing needs of our lowest-income families met by private industry. But the blunt and inescapable fact is that the real-estate industry has not yet found a way to supply decent, safe, and sanitary housing at rents which the lowest segments of our population can afford. Aside from the very great pressing need for low-rent public housing for low-income groups generally, the large-scale slum-clearance program—which everyone hopes will soon gain greater momentum—will displace increasing thousands of low-income families who must have subsidized housing aid.

The public housing units authorized by the committee bill fall far below the number which the Senate bill would provide. At the other end of the scale, I believe that the 35,000 public housing units a year for 2 years advocated in the administration housing bill, is too low a quota to meet the minimum need. I sincerely hope that those of my colleagues who have been opposed to public housing—or at least lukewarm to it—will reconsider. I am sure that they want the Nation's slum clearance and urban renewal program to succeed, and frankly, that can never happen unless we provide the public housing needed to rehouse the thousands of families who will be uprooted and who just cannot afford decent private housing.

H. R. 11742 contains a number of provisions designed to make the slum clearance and urban renewal program more effective. For those displaced families who can afford private housing, the committee bill would liberalize credit terms under the urban renewal insurance provisions of FHA's section 221. It would provide for higher mortgage ceilings so that section 221 housing can be built in more cities. It would enable people moving from slum areas to purchase modestly priced homes with a down payment of only \$200 to mover closing costs and it would reduce their monthly housing expenses by permitting an FHA-insured loan up to 40 years.

The committee bill would give additional incentive to the production of multifamily rental housing in our cities. It would put pressure upon the FHA Commissioner to recognize a more liberal profit margin which experts in the field have stressed as necessary to attract private sponsors into building under FHA's section 220 program, which is designed to provide rental housing in urban renewal areas.

To provide more urban rental housing generally at modest rentals, our bill would increase the loan-to-value ratio for mortgages under FHA's rental housing program—section 207. This provision should attract additional sponsors by permitting projects to go forward with smaller equity investments.

H. R. 11742 would also recognize the hardship which displaced families and small business concerns suffer as a result of slum clearance operations. It would authorize payment for moving expenses and other losses, and also would authorize the Small Business Administration to make low-cost liberal-term loans to help the relocation of displaced small business concerns.

So far I have been talking almost exclusively about city dwellers. The committee bill does not overlook the housing needs of our Nation's farmers, which in my opinion are even greater than those of urban housing. It would extend title V of the Housing Act of 1949 to provide for a 5-year farm-housing program. Specifically, H. R. 11742 would authorize, first, \$450 million for direct farm housing loans to be available during a 5-year period; second, an additional \$10 million for contributions by the Secretary of Agriculture to prevent defaults in payments on loans for potentially adequate

farms; and, third, an additional \$50 million for grants and loans for improvements and repair to keep houses safe and sanitary and also to encourage family-size farms.

The committee bill recognizes that an effective direct lending program under title V is a needed supplement to the insured farm housing loans available under title I of the Bankhead-Jones Act. Loans under the Bankhead-Jones Act meet an important part of farm housing need, but they do not reach all of the area of need by any means. For example, Bankhead-Jones Act loans are limited to owners to economic family-sized farms, whereas loans under title V of the Housing Act of 1949 are not.

Unfortunately, the title V farm housing loan program has been stymied in recent years by a failure on the part of the administration to implement it. Actually, the sum of approximately \$500 million authorized by our bill over a 5-year period is not a new loan authority, but an effort to renew the unused loan authority which has accumulated under title V since its inception in 1949. I sincerely hope that by setting up the title V program as a much-needed long-term program to provide low-cost credit on liberal terms to farmers, we can obtain the administration's cooperation so that the title V program can function effectively.

The college housing loan program would be given continued life by authorization of an additional \$250 million for such loans. The college housing loan program, first authorized in the Housing Act of 1950, has proved of immeasurable aid to our institutions of higher learning, and it is essential to continue such aid since the need for college housing is becoming more and more acute in view of the ever-increasing number of college students.

The committee bill gives special attention to the housing needs of our military services. The lack of adequate housing is one of the most serious problems facing our military services, and I believe it is vital to improve the efficiency and morale of the soldiers, sailors, and airmen of our Armed Forces by insuring them of an adequate supply of good housing at a reasonable cost.

The title VIII military housing program would be extended for an additional 3 years up to September 30, 1959, and the construction of a total of 150,000 units would be authorized under the program. The average cost per unit would be increased so that the services can build housing which measures up to minimum desirable standards.

The committee bill would also provide for transfer at a fair price of privately sponsored military housing built under title VIII prior to the Housing Amendments of 1955—the so-called Wherry housing—to the military establishments. This would put this housing where it belongs—in the hands of the military—and it would permit the services to improve the standards of such units and to rent them at lower rentals to military personnel. It would also relieve hardship on the present sponsors of the Wherry housing who are facing inevi-



table competitive pressure as the title VIII military housing program builds up in volume.

The committee bill contains a number of other important amendments affecting FHA programs. For example, it would liberalize loan ceilings for section 213 cooperative housing, and would provide a new commitment device to cooperative sponsors to stimulate the production of cooperative housing. It would also liberalize the FHA title I home improvement program so that home owners could obtain larger loans, with a longer repayment period. Another amendment would make it easier for families to buy existing homes by lowering the downpayment required in connection with an FHA-insured loan.

Another amendment in our bill deserves special mention. It set up a special fund under the Federal National Mortgage Association special assistance program to stimulate more construction of FHA section 203 (i) housing. Section 203 (i) is designed to encourage low-cost housing in outlying and rural areas.

There are other provisions in the committee bill which improve and perfect the existing machinery of Government housing legislation. They are covered in the more detailed summary and section-by-section analysis which I am attaching.

Mr. Chairman, in closing I would like to say that I am proud to have had a part in the creation of H. R. 11742. It is a bill based upon the most expert testimony we could assemble. It is a bill forged from hard work which reflects the problems we found at the "grass roots." It is a bill which recognizes the crucial role of a prosperous home building industry in our national economy. It is a bill which recognizes the diversity of our housing needs and which contains the tools necessary to satisfy those needs. I earnestly implore all of my colleagues to give the committee bill the special attention it deserves and I deeply hope that you will vote down the Widnall substitute, H. R. 12328, and then pass H. R. 11742.

I will be glad now to yield to answer any questions.

Mr. RABAUT. I thank the gentleman. I would like to ask the gentleman whether the secondary mortgage market provision is in both bills.

Mr. RAINS. They are practically the same in both bills, the secondary market is a lot the same.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. LANHAM. Is there any provision in either bill limiting the commission that can be charged veterans? Under the big housing program they are being charged outrageous commissions; in my section of the country in order to get a loan they have had to pay as high as 10 percent.

Mr. RAINS. That is the reference I made a moment ago to the very high discount rates. There is nothing in either bill that will outlaw the charging of discounts. I do not think we have the authority to write it in the bill. It is a private enterprise transaction; but if you

liberalize the method we have provided in the committee bill there would be sufficient mortgage credit to take care of the situation. That is what we want to do.

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Alabama.

Mr. ROBERTS. I would like to associate myself with the remarks of the gentleman and to compliment him on the very fine job he has done in the field of housing. I would like to ask the gentleman, As I understand it there is provided an amount for rural housing?

Mr. RAINS. That is correct; it is \$100 million a year for 5 years.

(Mr. ROBERTS asked and was given permission to revise and extend his remarks.)

Mr. SISK. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from California.

Mr. SISK. Did I understand the gentleman to say that under the substitute which will be offered in the form of the Widnall bill, there will be no provision for the aged? There are no units set aside?

Mr. RAINS. There are no units set aside in public housing and no nonprofit corporation section that would provide direct loans to build houses for the elderly. There are some minor provisions in the FHA bill that would be of assistance to individuals here and there. There is nothing to provide any very substantial amount of housing for the elderly.

Mr. SISK. I may say that from the State of California I have received more letters indicating greater interest on the part of the people in my area in this particular provision which you have in the committee bill providing for housing for the aged than any others.

Mr. RAINS. I may say to the gentleman that it is a good section. If we do not write it into this bill this year the public will demand that we do it next year. Remember what I say.

Mr. SELDEN. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Alabama.

Mr. SELDEN. Mr. Chairman, I commend my colleague from Alabama [Mr. RAINS] and the Housing Subcommittee, of which he is chairman, for the recognition they have given in the housing bill to farm housing needs.

On March 30, 1956, a hearing was conducted in Birmingham, Ala., by the Housing Subcommittee. At that time, I made the following statement in which I discussed current farm housing needs:

TESTIMONY OF REPRESENTATIVE ARMISTEAD I. SELDEN, JR., BEFORE SUBCOMMITTEE ON HOUSING OF THE BANKING AND CURRENCY COMMITTEE, BIRMINGHAM, ALA., MARCH 30, 1956

#### I. THE NEED FOR BETTER FARM HOUSING

Mr. Chairman and gentlemen, at the close of World War II, a great deal of attention was focused on providing better homes for our citizens. In the decade since the war, much urban progress has been made, but the improvement of homes for farmers has lagged.

Undoubtedly there are difficulties in achieving better farm homes. The farm population is widely dispersed and, of course, public housing developments provide no relief for poorly housed farmers. Furthermore, it is difficult to separate the farm home from the farm itself. They are a sort of business entity, and all too frequently farmers are forced to plow their profits back into the farming operation of the business. Consequently, the farm home is very often neglected.

Just what are current farm housing needs? Here again we see that the emphasis has been placed largely on urban rather than farm housing. While there are any number of studies available on urban housing needs, there are virtually none that adequately measure the needs for housing on the farm.

While the Economic Report of the President pays considerable attention to non-farm housing, farm housing is overlooked. In 1953, the President received a report from his Advisory Committee on Government Housing Policies and Programs, but this too, failed to cover farm housing problems.

Under the Housing Act of 1949, title 42, United States Code, section 1476, the Secretary of Agriculture was directed "to prepare and submit to the President and to Congress estimates of national farm housing needs and report with respect to the progress being made toward meeting such needs, and correlate and recommend proposals for such executive action or legislation necessary or desirable for the furtherance of the national housing objective."

When I recently requested such farm housing reports from the Department of Agriculture, I was told that none are available—that this provision of the act has been dormant.

Lacking a detailed study of farm housing needs and remedial programs, we can only construct the farm housing picture from census reports.

Today we are considering housing in Alabama and the South, and I think I can give a good example of farm housing needs from my own Sixth district. The last housing figures available from the Census Bureau showed that an average of 34 percent of farm houses in the eight counties of the Sixth district were dilapidated, had no private bath or toilet, and were not supplied with hot water. This 34 percent was an average. In one of these counties, 62 percent of the farm homes were without the conveniences I have cited.

I do not think that this illustration from my district is an exceptional one. The Sixth district of Alabama is in a farm income strata that runs through a large part of the South. In the face of conditions such as these, I believe that farm housing certainly merits the attention that this committee is so well prepared to give it.

#### II. PROGRAMS THAT PROVIDE FARM HOUSING

As you know, there are three major programs designed to provide housing aid for farmers. Two of these programs are administered by the Farmers' Home Administration, one resulting from the Bankhead-Jones Farm Tenant Act, and the other from the National Housing Act of 1949.

Under the Bankhead-Jones Act, direct and insured loans are available for housing on family farms of reasonable size. Loans for smaller and part-time farms are covered by title V of the Housing Act of 1949.

A third source of home loan money for farmers is the Servicemen's Readjustment Act of 1944 which is the legislation responsible for the loans administered by the Veterans' Administration.

#### Bankhead-Jones Act

It is generally recognized that the number of direct loans that the Farmers Home Administration can make under the Bankhead-Jones Act is limited by the size of the



appropriation. This appropriation is generally about \$19 million a year.

A veteran's preference is extended in the direct loan program and properly so. But as a result of the preference and the size of the appropriation, nonveterans are virtually excluded from this program's benefits. This necessarily limits the program because many of the farmers who have inadequate housing are not veterans.

Under the same act, the Farmers Home Administration can insure farm loans up to a maximum of \$100 million, but under this insured loan program, loans are limited to 90 percent of the value of the farm or 90 percent of the cost of acquiring the farm—which ever is less. In Alabama, the average farm is only worth about \$6,000 and was probably worth less when it was acquired. Thus these insured loans are often inadequate.

#### *Housing Act of 1949*

Under Title V of the Housing Act of 1949, loans are authorized for farms which have a value of production between \$250 and \$1,199 yearly, and for farms which do not provide the full support of the operator and his family.

This latter program is a small farmer's program, and many of the farms so badly in need of better housing are small farms. The last agricultural census showed that there were about 19,000 farms in my district. Roughly 8,000 of these, or about 44 percent, were small farms that were eligible to participate in the loan program I am now discussing.

Unfortunately, during fiscal 1955 and 1956, the administration did not see fit to request an appropriation for this small farmer's loan program. Recently, the administration, in a reversal of policy, requested \$5 million for this program for the remainder of the current fiscal year.

#### *Veterans' Administration Loans*

The final major program that includes farm housing is handled by the Veterans' Administration. Both direct and insured loans are authorized under this program. However, I call to the attention of this committee the fact that only a small percentage of the loans made under the Veterans' Housing Program are farm loans.

Through January 25, 1956, the number of farm housing loans made in Alabama by the Veterans' Administration amounted to only 5 percent of all housing loans since the Servicemen's Readjustment Act was passed in 1944. There were 52,859 home loans, but only 2,861 farm home loans in Alabama.

If we compare the dollar amount of farm housing loans in Alabama with other loans under the Veterans' Administration program, we see that farm housing accounted for only \$6,843,057, compared with \$388,030,902 for other types of home loans during the same period. Farm housing loans—dollarwise—were only 1.7 percent of other loans.

Figures I recently obtained from the Veterans' Administration show that in Tuscaloosa County, the county which contains the largest city in my district, 22 percent of the veterans have been successful in obtaining Veterans' Administration loans. In the seven other counties, which are largely rural, only 7 percent of the veterans have obtained loans. Thus the veterans in the agricultural counties of my district are obtaining only one-third as many loans as veterans in the county with the metropolitan center.

Why are these farm veterans failing to obtain housing loans? It is certainly not because they don't need them. As I have pointed out, a large percentage of rural homes in my congressional district are substandard.

There is reason to believe, however, that farm veterans are not getting loans because certain current loan practices of the Veterans' Administration are not working satisfactorily.

You are undoubtedly aware that in most rural areas, all veterans' loan applications are now being funneled to a private lenders pool known as the voluntary home mortgage credit program. Today, loan applications from rural veterans are passed to the private lenders pool and an effort is made to find loan capital for the rural areas where home loan capital is normally scarce.

Under present Veterans' Administration regulations, VHMCP lenders are allowed to make loans at a discount. For example, if a home seller is asking \$10,000 for a home, the VHMCP will only make a loan at a discount, usually 2 percent. In other words, the lender will only make a loan for \$9,800 on a \$10,000 house, and the same seller is required to absorb the loss. The veteran is prohibited by law from making up the difference to the seller. Many sellers balk at the discount practice.

When the veteran fails to get an insured loan from a private lender, he then applies to the Veterans' Administration for a direct loan. There his application is often denied on the basis that the bona fide offer of capital that was made by a VHMCP lender was not accepted.

The irony here is that the veteran had nothing to do with the nonacceptance of the loan offer. The unsuccessful negotiation was actually between the lender and the seller and the veteran had no choice in it.

The Veterans' Administration says it cannot do otherwise. If it grants direct loans, after VHMCP negotiations fail, sellers will automatically turn down VHMCP offers, knowing that the veterans can then obtain direct loans at full value. This would invalidate the VHMCP and, under the law, the Veterans' Administration must work with private lenders.

There are sound arguments in favor of VHMCP—that it has provided new loan resources for veterans; that loans are undoubtedly well processed by our experienced private realtors; and that the Government's loan activities should not threaten this segment of our private business. Yet, the VHMCP as it now operates often not only does not give the veteran a VHMCP loan, but prevents him from getting a direct loan. Therefore, in my opinion, this program should be carefully reexamined.

#### III. CONCLUSION

While the present housing programs provide for farm housing, the fact that so few families have taken advantage of the farm loans available indicates the need for a careful reexamination of the entire subject. The presence here today of the Housing Subcommittee of the important House Banking and Currency Committee is an assurance that all phases of Federal housing programs, both farm and urban, are receiving the closest scrutiny. We are very pleased to have you gentlemen here in our State of Alabama, and hope that your stay will be both pleasant and profitable.

Mr. Chairman, it is evident from the recommendations made by the Committee on Banking and Currency in its report on H. R. 11742 that its members have given careful consideration to the problem of farm housing. A long-term program to provide low-cost credit on liberal terms to farmers is certainly an important section of the Housing Act of 1956.

Mr. RAINS. I appreciate the gentleman's remarks.

(Mr. SELDEN asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Florida.

Mr. FASCELL. I wonder if the gentleman can get me straight as to which one of these bills takes care of the situation we have in Florida since our Supreme Court has ruled unconstitutional slum-clearance programs in conjunction with housing programs?

Mr. RAINS. In the committee bill there is no tie-in at all between slum clearance and the public housing program. In all fairness, I should say that there is a requirement in the Widnall bill which would provide for a workable program. However, from studying the bill, I am convinced that the workable program requirement is not tied to families displaced by slum clearance. There were restrictions that were once in the bill that said that public housing could be used only for the purpose of handling those dislocated by governmental action. That is in neither the Widnall bill nor the committee bill.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from New Jersey.

Mr. WIDNALL. I would like to clear up the previous question asked by the gentleman from Florida. While this bill would not require a going slum clearance and urban redevelopment program, it would require a plan of action by the community to remove the slums that may be found in the area.

Mr. RAINS. It is not made a requisite. I shall include as a part of my remarks a summary of the committee bill.

#### SUMMARY OF H. R. 11742

##### TITLE I—FHA INSURANCE PROGRAMS

Section 101 dealing with FHA title I home improvement loans provides:

- (1) A 2-year extension.
- (2) An increase in the maximum loan amount to \$3,500 (present ceiling is \$2,500) and from \$10,000 to \$15,000 for loans to improve multifamily structures.
- (3) An increase in the maximum loan term to 5 years (present ceiling is 3 years).
- (4) A sliding interest rate scale permitting a \$5 discount on loans below \$1,500 and a \$4 discount on that portion of the loan which exceeds \$1,500. Presently a \$5 discount is charged regardless of loan amount.
- (5) Discretionary authority to the FHA Commissioner to waive the present requirement that a new home must be occupied at least 6 months before borrower is eligible for a title I home improvement loan.

Section 102 amends the mortgage insurance program of FHA's section 203 by—

- (1) Establishing the same mortgage limits for both new and existing housing. Under present law new construction enjoys a slight differential advantage. To prevent circumvention of FHA inspections, an existing home not built under FHA inspection would have to be at least 1 year old to qualify for the more liberal terms.

- (2) Increasing by 5 percentage points the maximum loan which FHA can insure if the loan is closed by someone other than the owner-occupant. Presently a nonowner-occupant can insure up to 85 percent of the amount of the insured loan available to an owner-occupant.

- (3) Increasing the maximum loan which can be insured for an individual whose home is damaged or destroyed by disaster to \$12,000 (present ceiling is \$7,000).

Section 103 would liberalize rental housing insurance under FHA's section 207 by—

- (1) Permitting a loan up to 90 percent of value (present ceiling is 80 percent of value).



(2) Increasing loan ceilings to \$2,250 per room (present ceiling is \$2,000) and up to \$2,700 per room for elevator-type structures (present ceiling is \$2,400). In high-cost geographic areas the Commissioner is authorized to increase per room maximums by an additional \$1,000. These liberalizations would establish loan ceilings per room for section 207 similar to those permitted for urban renewal insurance projects under section 220.

Section 104 would amend cooperative housing insurance under section 213 by providing—

(1) A new device to permit a cooperative sponsor to obtain a commitment for a loan up to 85 percent of replacement cost and proceed with construction before the prospective cooperative has been formed. This would overcome the marketing difficulties involved in the present requirement that the cooperative be sold 100 percent before construction can begin. The sponsor would certify intent to sell to a cooperative upon completion. Until he sells the project, he would be regulated by FHA as to rents, capital structure, and rate of return. Also, if the sponsor fails to sell to a cooperative, he cannot use this special insurance feature again. In all cases the sponsor would be subject to the cost certification requirement of section 227.

(2) Authority to the FHA Commissioner to permit in high-cost geographic areas an additional \$1,000 per room in computing the maximum permissible insured loan.

Section 105 would increase the FHA mortgage insurance authorization to make available an additional \$3 billion.

Section 106 would amend the urban renewal insurance provisions of FHA's section 220 by—

(1) Providing for a profit and risk allowance of 10 percent of project cost (excluding land) for sponsors of urban renewal insurance projects, although the FHA Commissioner is authorized to prescribe a lesser percentage if he certifies that a 10 percent allowance is unreasonable.

(2) By making it clear that the present mortgage limits permitted for elevator-type projects are also available to the sponsors of garden-type apartments.

Section 107 would liberalize relocation housing insurance under section 221 by—

(1) Increasing the maximum permissible loan to \$9,000 and to \$10,000 in high-cost areas. (Present ceilings are \$7,600 and \$8,600, respectively.)

(2) Permitting no downpayment financing by requiring only that the borrower pay \$200 in cash to apply toward closing costs.

(3) Increasing the permissible loan maturity from the present 30-year ceiling to 40 years.

Section 108 would amend the cost certification requirement—

(1) By making such certifications incontestable after the Commissioner's approval of the certification, barring fraud or material misrepresentation.

(2) By permitting an allocation of general overhead costs acceptable to the Commissioner to be included in the total certified cost.

(3) By permitting the owner of a multi-family housing project to obtain FHA-insured financing to cover the full amount of rehabilitation cost, provided he presently has sufficient equity in the property. This would correct an inequity in present law. In no case could the FHA-insured loan exceed the maximum loan-to-value ratios permitted by statute.

#### TITLE II—HOUSING FOR ELDERLY PERSONS

Section 201 would establish a new loan program for rental housing for elderly families and persons, similar to the college housing loan program. This section would provide \$250 million revolving fund to the Administrator of the Housing and Home Finance Agency for loans to nonprofit cor-

porations for the construction or rehabilitation of housing for the elderly. No more than \$50 million of the loan fund could be outstanding at any one time for related facilities such as cafeterias, community rooms, infirmaries, etc.

The interest rate could not exceed 3½ percent per annum and the maximum loan term would be 50 years. The cost of funds to the Administrator from the Treasury could not exceed 3 percent.

The bill would permit loans only when private capital is not available upon the terms and conditions provided in the bill.

The bill contains a provision prohibiting the use of this housing for transient or hotel purposes.

Section 202 would make low-rent public housing available to elderly persons (65 years or over):

(1) By making elderly single persons eligible for the regular public housing program.

(2) By authorizing the construction of units specifically designed for elderly persons. The section provides 10,000 units annually for a 3-year period beginning July 1, 1956.

(3) By increasing the permissible per room cost for units for elderly persons to \$2,250 (present ceiling, \$1,750).

Section 203 would amend FHA's regular home insurance program to make it easier for elderly persons to obtain mortgage financing. Where the mortgagor is 60 years of age or older, the bill would permit the required downpayment to be paid by an individual other than the mortgagor.

#### TITLE III—SECONDARY MORTGAGE MARKET

Section 301 would liberalize the operations of the Federal National Mortgage Association by—

(1) Exempting from the \$15,000 limit on loans eligible for purchase the following:

(a) Military housing loans insured under section 803 and (b) FHA-insured and VA-guaranteed loans made in Alaska, Guam, and Hawaii.

(2) Reducing the stock purchase requirement to no more than 2 percent.

(3) Permitting advance commitments under the secondary market operations. Such commitments would be issued at a price high enough to provide production support to builders and yet sufficiently below the prices offered by the Association for immediate purchase to discourage excessive sales to FNMA pursuant to advance commitments. No stock subscription would be required unless the mortgage is actually purchased.

(4) Requiring FNMA until June 30, 1957, to pay par for special assistance mortgages.

(5) Increasing the advance commitment funds available for special assistance operations to \$400 million (present ceiling is \$200 million).

(6) Amending the present revolving fund for section 213 mortgages to make it clear that the \$5 million limit per State is on outstanding commitments, in other words to make clear that the State suballocation can "revoke" exactly the same as does the \$50 million nationwide revolving fund.

(7) Making it clear that any military housing loan insured under title VIII on or after August 11, 1955, is eligible for special assistance.

(8) Providing a \$50 million revolving fund under the special assistance program to support FHA section 203 (1) loans. Section 203 (1) loans are designed to encourage low-cost housing in outlying and rural areas.

Section 302 would establish a new secondary market support program for GI loans. Under its provisions the Secretary of the Treasury could invest up to 10 percent of the reserves of the national service life insurance fund by purchasing VA-guaranteed loans in geographic areas where discounts on GI loans are heaviest. Both current reserves and future premiums could be used.

Since the fund's reserves are approximately \$5½ billion, the program could supply approximately \$550 million in funds to support the market.

Only loans guaranteed after enactment would be eligible for purchase. To protect the fund from loss in case of serious default, the Administrator of Veterans' Affairs would be required to purchase the defaulted loan.

The program would expire on July 25, 1957, the present expiration date for the GI loan benefit of most World War II veterans.

The Federal National Mortgage Association would act as the Treasury's agent to purchase and service loans. Payment for such services is limited to a maximum of three-fourths of 1 percent. Since the GI loans purchased would yield at least 4½ percent, the fund would earn a minimum of 3¾ percent on its mortgage portfolio.

#### TITLE IV—SLUM CLEARANCE AND URBAN RENEWAL

Section 401 would amend the slum clearance and urban renewal program by—

(1) Eliminating the requirement for a separate redevelopment plan for any part of an urban renewal area to be cleared of slums or redeveloped. The requirement for a separate redevelopment plan is no longer necessary since the elements of such plans are included in the overall urban renewal plan and a separate redevelopment plan serves no useful purpose.

(2) Increasing the authority of the Administrator, without regard to the 10-percent State limitation, to enter into contracts for capital grants for slum clearance and urban renewal projects not exceeding \$100 million (present limit, \$70 million) with local public agencies in States where more than two-thirds of the maximum capital grants permitted a State have already been obligated.

(3) Providing for payments to individuals, families, and business concerns displaced by urban renewal activities to reimburse them for moving expenses and other losses of property except good will. Payments would be limited to \$200 for individuals and families, and \$5,000 for business concerns.

(4) Providing that an "urban renewal plan" shall not include the construction of additional hotel facilities unless it is shown they are actually needed. The urban renewal plan including the construction of a hotel shall contain a certification that a survey of anticipated profits has been made by a recognized independent firm, and that such survey indicates the need for such additional hotel facilities.

Section 402 would authorize the Housing Administrator to extend urban renewal assistance to major disaster areas, under certain conditions, without regard to requirements that the community must have a workable program for the prevention and elimination of slums, that the urban renewal plan must conform to a general plan of the locality, requirements of public hearings, and certain requirements with respect to the predominantly residential character or blighted character of urban renewal areas.

The FHA sections 220 and 221 urban renewal housing programs would also be amended to permit temporary waiver of the present workable program requirement, and urban planning grants would be permitted for a community affected by a major disaster without regard to the fact that the community's population is 25,000 or greater.

Section 403 would increase the urban renewal planning grant authorization from \$5 million to \$10 million.

Section 404 would extend to private nonprofit educational institutions of higher learning the same privilege with respect to Government construction planning advances, as that now enjoyed by tax-supported educational institutions of higher learning. Both such types of educational institutions receive equal consideration under provisions of the college housing loan program, and



this change would place them on a parity with respect to planning advances.

Section 405 would provide additional assistance to small business concerns displaced from urban renewal areas. The Small Business Administration would be authorized to make loans, under liberal credit standards, to help displaced businesses to relocate. The loans would carry 4-percent interest and could extend for a term of 20 years. The bill would authorize \$25 million for such loans.

#### TITLE V—PUBLIC HOUSING

Section 501 would provide 50,000 low-rent public housing units annually for a 3-year period beginning August 1, 1956. Provision is made for carrying over to subsequent years any unused portion of the annual quota.

Section 502 would direct the PHA to transfer farm-labor camps to local public housing agencies upon their request, without compensation, and within 18 months of enactment. First occupancy preference would be given to low-income agricultural workers, and second preference to other low-income families. In the case of Florida, any public housing agency acquiring such farm labor camps would be required, in the event of the sale of such project, to use the proceeds to construct new facilities for such workers and families.

Section 503 would—

(1) Provide for the transfer of 41 temporary defense housing projects constructed or acquired under the Defense Housing and Community Facilities Act of 1951, and two Lanham Act war housing projects, from the Housing Agency to the Department of Defense, effective July 1, 1956.

(2) Provide that "1951 act" defense housing not transferred to the Department of Defense must be disposed of as expeditiously as possible, not later than June 30, 1958, on a competitive bid basis; project IDA-2D1 at Cobalt, Idaho, to be sold for on-site use only.

(3) Direct the HHFA to convey the Lanham Act Tonomy Hill project (RI-37013) at Newport, R. I., to the Housing Authority of the city of Newport, and the Lanham Act Passayunk project (PA-36011 and PA-36012) in Philadelphia, Pa., to the Housing Authority of the city of Philadelphia.

(4) Amend the Lanham Act by adding a new section 614 to accelerate the disposition of those projects which must be sold for off-site use or as entire projects.

Section 504 would authorize the sale under prescribed conditions of two Government-owned projects, the Chinquapin Village housing project in Alexandria, Va., and the Techwood Dormitory in Atlanta, Ga.

Section 505 would direct the Public Housing Commissioner to authorize certain local housing authorities to make payments in lieu of taxes for past fiscal years. There are 10 cities which would receive payments under this amendment.

#### TITLE VI—MILITARY HOUSING

Section 601 would extend and liberalize the title VIII military housing program by—

(1) Extending eligibility for military housing insurance to the Canal Zone and Midway Island.

(2) Extending the program for 3 years until September 30, 1959.

(3) The aggregate total of mortgage insurance authorized would be increased to \$2,475 million to provide for the construction of an additional 49,000 units (now 101,000). Correspondingly, it increases from \$9 million to \$21 million the total permissible monthly payment to amortize military housing mortgages. This authorization would cover, in addition to the 150,000 units of title VIII housing, some 82,000 units of Wherry Act housing.

(4) Permitting an average cost per dwelling unit of \$16,500.

(5) Permitting the FHA Commissioner to waive or reduce the FHA insurance premium.

(6) Applying to title VIII housing the same net floor area limitations which apply to appropriated funds housing.

(7) Providing that plans and specifications prepared for the military departments follow the principle of modular measure in order that the housing may be built by conventional construction, on-site fabrication, factory precutting, factory fabrication, or any combination of these methods.

Section 602 would establish a new program requiring the Secretary of Defense to acquire the sponsor's interest in existing "Wherry" housing by—

(1) Directing the Secretary of Defense to acquire, operate, and improve such housing.

(2) Providing for the Secretary to acquire such housing by purchase, donation, or other means of transfer or through condemnation.

(3) Establishing a formula to be paid for the sponsor's interest in such housing: (a) the formula would be based upon the FHA Commissioner's estimate of replacement cost less the value of any improvements installed or constructed with appropriated funds, or the actual cost (as defined in sec. 227 (c) of the National Housing Act), if such cost is less than the Commissioner's estimate. The appropriate base would then be adjusted to current cost levels and reduced by an appropriate allowance for physical depreciation; (b) to this amount would be added the current fair market value of all usable personal property and chattels used in connection with the maintenance and operation of such housing not included under the mortgage as security for the outstanding principal obligation; (c) to arrive at the amount to be paid for sponsor's equity, this gross amount would be reduced by the outstanding mortgage obligation against the project. A limit of \$1,500 per unit is fixed as the maximum amount payable for the sponsor's equity interest in such housing under this formula.

(4) Providing authority for the Secretary of Defense, or his designee, to acquire Wherry projects through condemnation, if either he or the Wherry owner disagrees with the price established under the prescribed formula.

(5) Authorizing the Secretary of Defense to enter into agreements with the mortgagee for the release of reserves for replacement, taxes, hazard insurance, etc., and the waiver of all future requirements for such accruals once the mortgage is assumed by the Secretary.

(6) Authorizing the Secretary of Defense to assign the housing acquired to military personnel. However, if such housing does not meet existing standards for public quarters, it may be assigned as rental quarters without loss to such personnel of their quarters allowance, until it is renovated to meet such standards.

(7) Establishing a revolving fund with an authorization for an appropriation not to exceed \$50 million. This fund would be used for paying the purchase price for housing and other property acquired, principal, interest, mortgage insurance premiums, and all other obligations except those for maintenance and operation, for each project acquired. The fund could also be used for improving or altering such housing after acquisition in order for it to meet the standards established for public quarters. Receipts from rentals and withheld quarters allowances would be paid into the fund.

Section 603 would clarify congressional intent with respect to the rights of local communities to tax the interests of mortgagors under the Wherry Act mortgage insurance program. Although it is provided that this interest is not exempt from State or local taxes, the section provides that such taxes must be reduced by (1) any payments in lieu of taxes made by the Federal Government to the local taxing bodies with respect to the property, (2) any expenditures made by the

Federal Government for streets, utilities, and other services for or with respect to the property.

#### TITLE VII—MISCELLANEOUS

##### \* Farm housing

Section 701 amends title V of the Housing Act of 1949 to authorize, for a 5-year period beginning July 1, 1956, and ending June 30, 1961, (1) \$450 million for farm housing loans, (2) \$10 million for contributions by the Secretary of Agriculture to prevent defaults in payments of loans for potentially adequate farms, and (3) \$50 million for grants and loans for improvement and repair of certain farm structures.

##### College housing

Section 702 would increase loan funds for college housing by \$250 million, bringing the total authorization for such purpose to \$750 million.

##### Public facility loans

Section 703 would make it clear that public facility loans are available to the Territories and possessions as well as to the continental United States.

##### Federal savings and loan associations

Section 704 would amend the Home Owners' Loan Act to permit Federal savings and loan associations to increase their maximum permissible uninsured home improvement loan from \$2,500 to \$3,500, thereby placing them on a parity with the increased loan amounts being recommended for FHA title I home improvement loans.

##### Federal Home Loan Bank Act

Section 705 would provide for a study by the Federal Home Loan Bank Board of means of improving the services rendered by the savings and loan associations, and would disapprove Reorganization Plan No. 2 of 1956, and prevent its taking effect (or, if it has become effective by the time the bill is enacted, would nullify it).

(Mr. RAINS asked and was given permission to revise and extend his remarks.)

(Mr. JONES of Alabama asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JONES of Alabama. Mr. Chairman, I first should like to pay a most richly deserved tribute to the gentleman who preceded me. I have had the honor and privilege of serving in Congress with Congressman ALBERT RAINS for 10 years. Since we represent adjoining districts, I have followed his work very closely. While he has been an outstanding Congressman in all respects, he has attained special eminence in the field of housing. Ever since he came to Congress in 1945 he has served on the Banking and Currency Committee which has responsibility for the housing bills. As a result of the expertness he acquired, he was honored by being named chairman of the Subcommittee on Housing which handles housing legislation initially. For 4 years he has served in that capacity. In my opinion, and I state my opinion unqualifiedly and without fear of contradiction, he is by far the outstanding authority in the United States today on the subject of housing. His vast store of knowledge with respect to this subject surpasses that of any other individual. This opinion is shared by all who are familiar with his career. He has devoted thousands of hours throughout the years to the mastery of this subject. He has held hearings in various parts of the country to obtain firsthand infor-



mation at the grassroots level as to the needs of the people and the effectiveness of the programs which have been in existence. We in Alabama are very proud of his accomplishments and know that when he recommends a housing bill we can depend upon its soundness and desirability. I congratulate ALBERT RAINS for his praiseworthy contribution to the preparation of this bill.

I would like to emphasize that H. R. 11742 is not just a public housing bill. It has many other desirable and worthwhile sections. The section which concerns me most is the section providing a 5-year program to improve the housing of our farmers.

It has always seemed unfortunate to me that when housing programs and problems are discussed, it is always with reference to urban housing. I am not questioning the obvious need for federally supported programs to improve the quality of urban housing and to help eliminate city slums. All I ask is that fair and equal treatment be given to the very serious housing needs on our Nation's farms.

In fact, there is evidence that the farm housing problem is actually more serious. The 1950 census of housing showed 20 percent of farm houses are so dilapidated that they need major repairs or need to be completely replaced. The percentage of urban homes in such sad shape was considerably lower.

The farm housing problem was serious enough in 1950, when farm income was close to 100 percent of parity. Now, with net farm income down nearly \$4 billion since 1952, the difficulties facing many farm families in their attempts to correct farm housing deficiencies have been multiplied.

The farm housing section of H. R. 11742 would go far toward meeting this serious problem. Section 701 of the bill would extend title V of the Housing Act of 1949 to provide for a 5-year farm housing program.

Specifically, the bill would authorize, first, \$450 million for direct farm housing loans to be available during a 5-year period; second, an additional \$10 million for contributions by the Secretary of Agriculture to prevent defaults in payments on loans for potentially adequate farms; and, third, an additional \$50 million for grants and loans for improvements and repair to keep houses safe and sanitary and also to encourage family size farms.

I am convinced that an effective direct-lending program under title V is a needed supplement to the farm housing loans available under the insured-loan program of title I of the Bankhead-Jones Act. Insured loans under the Bankhead-Jones Act meet an important part of farm housing needs, but they do not reach all of the area of need, by any means.

For example, Bankhead-Jones Act loans are restricted to owners of economic family size farms, whereas loans under title V of the Housing Act of 1949 are not. Title V loans can help low-income farm families on small farms. Others in need of aid include owners of small tracts of land who round out their full-time farm operations with leased

land. These small farmers who are denied aid under the insured-loan program of the Bankhead-Jones Farm Act can only be helped through an extension and expansion of the direct-loan program under title V of the Housing Act of 1949.

I would like to emphasize that the repayment record of loans made under the title V farm-loan program has been outstanding. Foreclosures have been few, indeed.

I would like to emphasize also that farm families cannot receive direct-loan assistance under the title V program unless they have been certified by farmer committees as being unable to obtain the necessary credit from private sources.

I would also like to emphasize that the farm housing section of H. R. 11742 does not provide a new loan authority. What it does do is to renew the unused loan authority which has accumulated under the title V program since its inauguration in 1949.

Despite the basic soundness and merit of the title V farm housing loan program, it is distressing to realize that not a single loan has been made under this program since December of 1953.

This has not been because of failure on the part of Congress. Consistently each year we have extended the title V farm housing loan program. In plain fact, it has been sabotaged by the administration's failure to implement it. I think this is but another indication of the indifference and callous attitude toward farmers on the part of the present administration.

H. R. 11742 would establish the title V loan program on a long-range 5-year basis to provide liberal credit for farmers. It is the hope of those of us who are concerned with the farm housing problem that by setting up the program on a long-term basis we can induce a change of attitude on the part of the administration so that the title V program can make a real contribution in helping to solve the farm housing problem.

(Mr. ELLIOTT asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ELLIOTT. Mr. Chairman, I rise in support of the Housing Act of 1956.

First, I want to say that I think this is the best housing bill that has been before the House in several years, and I want to take this occasion to commend and congratulate the gentleman from Alabama [Mr. RAINS], who served as chairman of the Subcommittee on Housing, for the fine work that he has done in this field during this Congress.

In March of this year, he brought his subcommittee, consisting of himself and the gentleman from New Jersey [Mr. WIDNALL] and others, to Birmingham to investigate housing needs in Alabama. I had the privilege of appearing before the subcommittee at that time.

This is a good bill. It contains legislation providing for the continuance of FHA housing; the continuance of, and liberalization of, the FHA repair provisions, increasing the maximum amount of a repair loan from the present \$2,500 to \$3,500 and extending the repayment period from the present 3 years to 5 years; it provides for a continuance of public housing which, after bitter fights

ranging over a period of nearly 8 years now, since the enactment of the Housing Act of 1949, has come to be accepted, fairly generally, as an essential part of any well-rounded housing bill.

The first public housing project to be built in Alabama, following the passage of the Housing Act of 1949, was in my hometown of Jasper, Ala. The project was appropriately named the William B. Bankhead Homes, in honor of the memory of a former Speaker of this House who, for many years, represented the Seventh Congressional District of Alabama, which I now have the privilege to represent. Since then, many other public housing projects have been built all over the Seventh Congressional District of Alabama. It is my understanding that all of them are fully occupied, and that most of them have long lists of persons who are waiting to live in them, if vacancies occur.

I am glad to see the public housing program continue. It will mean that many towns in Alabama will be able to obtain low-rent public housing projects.

I am also glad that this bill contains the provision it does for college housing and military housing, both of which, at this particular time, mean much to Alabama and to the country.

Also, I am happy this bill contains an authorization of \$450 million for farm housing. This program was begun by the Housing Act of 1949. I recall the day in the fall of 1949 when the second housing loan of this type to be made in Alabama was closed at Russellville, Ala., and how, a few weeks later, the program was started in Walker County, Ala., by the closing of a loan at Jasper, Ala. The program has meant a great deal to the rural people of the Seventh Congressional District, and it has been a program that has been badly needed. I was disappointed when, in the 83d Congress, the money for this program was practically shut off. This authorization should give the program seventy-five to one hundred million dollars a year, thus enabling it to at least begin to fulfill the real needs of our rural people for housing.

Mr. Chairman, it seems to be entirely too easy to overlook the needs of the rural people, in housing and in other fields. People speak as if slums could occur only in city areas. I submit that some of the worst slums in America exist in the rural areas of the country. The greatest need for housing, by and large, is today in the rural sections of America. There are more houses without bathrooms and plumbing facilities on the farms of America than anywhere else. This bill takes cognizance of that fact, and provides for it in a realistic way, and thus makes me happy to have this privilege of voting for it.

I think many of us overlook the fact that the home-building industry is one of our foremost industries. It is a \$10 billion industry. It furnishes jobs for the carpenter, the bricklayer, painter, the plumber, the plasterer, the paperhanger, the electrician, and the architect. It furnishes jobs to those who produce the lumber, and for those who produce the materials that go into the building of the house, and the furnishing of it as well.



The American home is the center of American family life. It is the cradle of democracy. America's strength is the strength of her families. It is the strength of her homes.

Mr. WOLCOTT. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, for a good many years, since 1937, anyway, we have had each year a housing bill of some type. We have gotten so that we expect housing bills to come on, and we have gotten to think that they are a necessity. A housing bill this year is less a necessity than at any other time.

The Senate passed a housing bill, and the House committee reported out a House bill which went to the Committee on Rules, as you have been advised. Now, in respect to the Senate bill, I think it was the worst, although most comprehensive, housing bill that was ever passed. It was a worse type of bill than even the bill the House committee reported out, if that were possible, causing the administration to characterize these bills in this fashion, and I am reading from a press release by the Administrator of the Housing and Home Finance Agency the day that we went before the Committee on Rules and asked for a rule on the housing bill:

Unrealistic, excessive, ill conceived are the terms applied today by Albert M. Cole, Housing and Home Finance Agency Administrator, to many of the provisions of the housing bill reported out of the House Committee on Banking and Currency, and came before the House Committee on Rules. Mr. Cole said that the Housing and Home Finance Agency and the administration will continue to press vigorously for a bill that conforms to the principles of the legislation recommended by the President. The President's recommendations were the results of intensive study and consideration, not only of our housing needs but also of how we can best meet them under a sound economy, Mr. Cole said. The bill, as proposed, is unsound in many respects and contains serious excesses of many kinds.

Now, he was speaking for the administration. The Senate bill was decidedly obnoxious to the administration. The House bill was objectionable to the administration in this language used by Mr. Cole.

We commenced to study the bill a little bit following that—perhaps we should have done it before—and we found that there was need in only two particulars for a continuance of any housing bill. The title I modernization provisions expire on September 30, and, as has been said, it was quite essential that something be done before September 30 to continue the insuring of modernization loans.

In addition to that, the administration was somewhat concerned about the military housing. So, all that it was necessary to pass this year was military housing and title I.

In respect to the program itself on FHA financing, I received a letter from Norman P. Mason, Commissioner of FHA, inquiring how long we could continue at the present tempo of home construction with the present authorization. Mr. Mason, on June 29, also the day on which we went before the Committee on Rules, had this to say:

Pursuant to your request I wish to advise that the insurance authorizations of the

Federal Housing Administration are ample at the rates of building currently estimated for fiscal year 1957 to continue its mortgage insurance programs until sometime in June, 1957, without further authorization.

We could go until June 1957, without further authorization for FHA insurance. This program of FHA insurance has to do with so-called section 203's which have to do with the insurance of 1- to 4-family units; section 207's which have to do with multiple-family units; 213's which have to do with cooperative units; 220's which have to do with urban renewals; 221's which have to do with urban relocation; 222's which have to do with servicemen; 223's which have to do with miscellaneous programs, and title VII which has to do with yield insurance.

There was not any necessity for passing any continuance of a public housing program notwithstanding everything which has been said here. There is in the pipeline today in excess of 20,000 unused units authorized. So if the gentleman from Virginia [Mr. SMITH] and the gentleman from Mississippi [Mr. COLMER] had been permitted to amend the so-called Widnall substitute to strike out public housing, there would be still in the pipeline unused over 20,000 units that can be constructed this next year. So you do not have to do anything with public housing this year.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman.

Mr. NICHOLSON. We have more than 20,000; we have 55,000.

Mr. WOLCOTT. May I explain to the gentleman that I arrived at that 20,000 in this way; that at the present time, in this year, they have only used 4,371 of the 45,000 which we gave them last year, but they are honest enough to tell us that by the time the authority expires on July 31, they are likely to have to use 20,000, instead of 4,000.

The Widnall proposal is the proposal which was referred to by the administration as being the administration proposal. The workable program that has been referred to as a part of the Widnall proposal has to do with some essential objectives before public housing can be used. They have to do with cities providing by codes and ordinances for cleaning up their slums and depressed areas. It must have a comprehensive community plan; neighborhood analysis; administrative organization; financing; and housing for displaced families and citizens' participation.

Although in 1954, when we wrote the 1954 act, public housing had to be tied into slum clearance and urban development, and only to the extent shown it was necessary to find shelter for those who were being displaced by public works incident to slum clearance and urban development, that has been abandoned, and not only abandoned in the Senate bill and in the House bill, but abandoned likewise in the proposals here offered now by the Administration through the gentleman from New Jersey [Mr. WIDNALL]. I do not agree with them.

In 1955 the Administrator of the Housing and Home Finance Agency when

talking about these restrictions which tied in with slum clearance and urban development said:

I believe the purposes of these restrictions are essentially sound and should be adhered to.

The President told me that in July 1954. Until the President tells me that he has changed his mind I will not think that anybody else to the contrary notwithstanding is speaking on this question of the necessity for constructing public housing. So it was not necessary to pass any bill for public housing because we have ample authority. It was not necessary to do anything but to continue title I and something about military housing.

The proposal of the gentleman from New Jersey [Mr. WIDNALL] has been the subject of many conferences on a leadership basis, although they have known right along that I have been against that provision. I surely would have been glad to vote for the amendment offered by the gentleman from Mississippi to the rule had it been in such form that it could have been done.

What I am getting at is that the Widnall substitute which has been made in order as the only amendment which can be offered to this bill is a reflection of the administration's desires and is a reflection of the administration's position that only those things which are in the Widnall proposal are necessary for a sound and orderly continuance of the housing program.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, there are many good features in H. R. 11742. This bill would improve the various FHA insurance programs, would provide a much-needed stimulus to home building and mortgage credit, and would expand and improve other important Government-supported housing programs to meet special housing needs.

I wish to say that the distinguished gentleman from Alabama [Mr. RAINS], I believe, has had more to do with preparing this bill than anyone else. I think he knows more about housing in general than any man in the Nation.

One of the chief virtues of the bill is its recognition of the vexing shortages of mortgage capital which exist in many areas, particularly in the South and West, which are remote from the concentrated pools of investment funds which to a disproportionate degree are concentrated in the northeastern section of the United States. It has always seemed unfair to me that in times of credit stringency—when our smaller towns and communities and rural areas are starving for more mortgage-investment capital—at the same time many other areas enjoy relative plenty.

One of the means of smoothing out this geographic disparity is through a properly functioning Government-supported secondary market. That function is now, of course, carried out by the Federal National Mortgage Association, and in general under the provisions of present law, FNMA is providing substantial support in many areas. But I think its support role can be greatly improved



and I am pleased that the bill would provide the means to do so.

Under present law a mortgage lender selling a loan to FNMA must buy stock in an amount equal to at least 3 percent of the principal amount of the mortgage. I think this requirement is too severe and in many ways it is like hitting a man when he is down because a mortgage lender selling to FNMA has been unable to place his mortgage in the private market and is using FNMA only as a last resort. The bill would ease this cost burden of doing business with FNMA and would reduce the stock purchase subscription to no more than 2 percent.

The advance commitment authority which the bill would bestow on FNMA in its regular secondary market operation will help builders to obtain necessary production credit support in areas where they are not now able to do so. The commitment price would be substantially below the market but it would provide the lender and the builder with assured take-out financing so that construction financing can be obtained locally. The bill would also liberalize the special assistance program of FNMA and would provide additional funds for this program which supports deserving types of housing, such as disaster housing, and housing for persons displaced by slum clearance and urban renewal activities.

In addition to improving FNMA's market support operations the bill would permit up to 10 percent of the veterans' national service life insurance reserves to be invested in GI loans in areas of the country where investment funds are in shortest supply as evidenced by excessive and burdensome discounts. The bill guarantees the veterans' insurance fund against loss.

These sections of the bill should improve the mortgage credit situation markedly in many parts of the country and I deeply hope that they will become law.

Special FNMA special assistance support would be granted by the bill to low-cost housing built under section 203 (i) of the National Housing Act. Under this section adequate housing can be built at a lower cost in outlying and rural areas because it does not have to completely meet the sometimes severe requirements imposed upon housing in built-up urban areas. I am most hopeful that the bill will stimulate this type of housing which is needed greatly for our lower income groups.

The bill contains a number of other perfecting improvements to the various FHA programs. For example, it would wipe out the small differential in the amount of down payment required on existing homes as against new homes. The FHA program is now an accepted institution in our land, and I think that the FHA-insured mortgage is one of the reasons why our economy has been able to maintain its strength. I am exceedingly proud to have played a role in the creation by Congress of the FHA amortized mortgage in 1934. Thanks to the long-term low-interest amortized loan which the great bulk of homeowning families enjoy today, we need not

dread the specter of mass default and foreclosure which inevitably followed the period of the 1920's when mortgages were not amortized but were payable in full after a certain period, and when the whole mortgage structure was a house of cards resting on precarious foundations of first, second, and third mortgages.

The bill contains important provisions to support housing programs to meet other special housing needs.

I am glad to say that the bill does not overlook the housing needs of our farmers. Too often people think of housing problems as belonging exclusively to city dwellers.

To help meet this problem the bill would provide a 5-year \$500 million loan fund for farm housing.

The bill recognizes that an effective direct lending program until title V of the Housing Act of 1949 is a needed supplement to the insured farm housing loans available for some purposes under title I of the Bankhead-Jones Act. Loans under the Bankhead-Jones Act meet some farm housing needs, but they do not reach all of the area of need by any means.

Actually, the sum of approximately \$500 million authorized by the bill over a 5-year period is not a new loan authority. It renews and restores funds which the administration has failed to use. By establishing the title V program as a long-term program, I sincerely hope that the administration will stop trying to hamstring the program and will cooperate to really make it work.

Another very deserving program is the college housing loan program, first authorized in the Housing Act of 1950. The skyrocketing student enrollment facing our colleges and universities has created a most serious housing problem. Under the college housing loan program, these institutions are able to obtain liberal financing at a low interest cost and for a long repayment period. This has enabled them to build decent and adequate housing for students and faculty members. I think the college housing loan program has been singularly successful and I want to see it continue on the present basis. The \$500 million authorized for such loans to date is virtually exhausted and I strongly endorse the additional \$250 million which the bill would provide for loans under this program.

The bill also recognizes the extreme importance of helping our military services to provide good quality housing to military and key civilian personnel. It would permit the military services to build housing of better quality and would increase the program from the present approximately 100,000 units to a new total of 150,000 units.

The housing needs of the military would also be helped by a section of the bill directing the transfer to the military services of the so-called Wherry Act housing, that is, housing built under title VIII prior to the housing amendments of 1955. This would achieve the worthwhile objectives of putting military housing where it belongs under the operation of the military service concerned—enabling the military services to improve the acquired units—and would

help prevent hardship to Wherry Act sponsors whose economic solvency is threatened by the growing competition of military housing built under the new title VIII military housing program.

I hope that the day is not too far distant when the private-building and real-estate industries can provide decent housing at prices or rents which our low-income families can afford.

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

(Mr. WOLVERTON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. WOLVERTON. Mr. Chairman, I am in full accord with the aims and purposes of the Housing Act of 1956, now under consideration by the House.

The problem of housing is one that deserves the consideration of Congress. Through a period of years Congress has enacted legislation designed to be helpful in remedying housing shortage, and, to make it easier for families to acquire ownership of houses. Each year it seems that new problems arise that call for changes in existing law. Congress has responded to these new demands to a degree. But full recognition of the need has been difficult to obtain. The result has been compromise legislation that has not always been as effectual as it should have been. The present legislation, H. R. 11742, reported by the House Committee on Banking and Currency, provides many changes in existing law in an endeavor to meet the present-day needs. There is considerable difference of opinion as to the necessity of some or all of its provisions, and, as a result it is expected that substitute measures will be introduced before final action is taken.

It is my personal opinion that there is a greater need for some of the proposals contained in the committee bill than some are willing to concede. It is my intention to vote for such provisions as will most effectively meet the present-day needs. I am strongly of the opinion that good housing and sufficient in number is one of the fundamental requirements of a contented and satisfied people. Consequently, it is an inescapable obligation of Government to make certain that such exists whenever and wherever private interests fail to adequately provide such. The importance of good housing cannot be overlooked as a means of providing good citizenship, as well as healthful and satisfactory living conditions. It is too important to permit it to lag because of failure of private interests to meet the problem. In such cases the Government is not only justified but obligated to step in and meet the need.

The committee bill, H. R. 11742, is a comprehensive bill that merits favorable consideration. It can be correctly termed an omnibus housing bill. It is designed to expand and improve Government assisted housing programs to enable our people to acquire better housing and to assist our communities in their efforts to clear slums, arrest the spread of blight, and in general to promote more wholesome neighborhoods for better family living. The provisions of this bill are the result of an exhaustive and painstaking study and investigation into



many phases of the housing and home finance industry. It takes a broad view in its concept of what is needed, and, it provides assistance not only for public housing needs, but also for private builders as well.

An examination of the committee bill will reveal that bill in its numerous and varied provisions is most meritorious, but, in addition to its general worthwhile character, it is particularly commendable in many of its special provisions. As an illustration of this fact, I point to the provision that has been made with respect to elderly persons, either in the single or family status. Under this section of the bill loans can be made to private nonprofit corporations to provide rental housing for such elderly persons. Related facilities would include cafeterias, dining halls, community rooms or buildings, infirmaries or other health facilities, and other necessary facilities in connection with such type of housing. Construction, however, must not be of elaborate or extravagant design or materials. I think we are all aware of the difficulties faced by elderly people in obtaining suitable living conditions due to insufficiency of income and a desire to maintain a degree of independence from the necessity to rely on the willingness of family relationships to take them into their own family group. This so often creates a burden and inconvenience on the family group even though they are willing and anxious to care for their elderly relations. Thus, it can be seen, by this single illustration, how worthwhile the provisions of the pending bill are. Many more illustrations could be given that would include slum clearance, assistance in disaster areas created by floods and forms of disaster, assistance to small business concerns displaced from urban renewal areas, farm housing and farm labor camps, college housing for needy students, and, to enable municipalities to plan for development of appropriate housing and improvements. Much more could be said that would include increased loan provisions for home improvements, mortgage assistance and other numerous and varied programs of assistance designed to improve living conditions that otherwise might be prevented because of inability to obtain loans on terms and rate of interest that could not be met by low income families, even though their honesty was beyond question.

In conclusion, I wish to state that it is my intention, in the first instance at least, to support the committee bill in preference to the substitute that is to be offered. There are many reasons that could be given to justify such action upon my part. Without any attempt to enumerate all of them, I think it is sufficient to refer to only a few, for instance, the provision made to assist our elderly people is not contained in the substitute bill, and, there is a much less number of public housing units provided for. In addition, there are many restrictions and limitations contained in the substitute bill. Giving full and careful consideration to the whole matter, I am convinced that although the substitute bill does contain many provisions that are in the

committee bill, yet, on the whole it is not as broad or inclusive in its entirety as is the committee bill. Hence, it is my intention to vote in favor of the committee bill. Of course, if on vote of the House it should be defeated in favor of the substitute bill, then, I would feel it is my duty to support the substitute bill in order that we may have at least some housing legislation at this session of Congress. It is my hope, however, that the House will approve the committee bill instead of and in the place of the substitute bill.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, when I returned to the 84th Congress, and to the Banking and Currency Committee, on which I had served in previous Congresses, it was to dedicate myself to the task of broadening the horizons of life for those on the western slope waiting for the sunset. I, too, am on that western slope, and perhaps better than those who are younger do I understand the yearning of our senior citizens for a place in our national society broader than dependence, richer than sympathy, however loving.

I came to the 84th Congress fresh from an investigation and a study of the housing needs of our elderly men and women which at my own expense and during the interim between the 83d and 84th Congresses I had conducted with the interest of one close in intimate understanding and with something of the exhilarating zeal of one who throws himself into the advancement of a cause as a holy crusade.

On February 10, 1955, I introduced in this body the first bill for a housing program for our elderly. It envisioned homes for the aging and the aged, both married and single, within their financial means and located in or near the communities in which their children and friends reside and dear to them from memories of the past.

Eleven members of the Banking and Currency Committee, with one former member, the distinguished and beloved gentleman from New York [Mr. DOLLINGER], joined me as sponsors by introducing companion bills.

On February 10, 1955, I spoke from this well soliciting the interest and the help of my colleagues in the cause of obtaining housing—cheerful housing, housing within their means, housing in which age could find not only convenience and comfort, but that which is priceless, the dignity of independence.

#### AROUSING NATIONAL INTEREST

This, Mr. Chairman, was the start of the intensive drive, which today has become a national crusade enlisting the support of every young man and woman who ever had a mother or a father truly beloved and who wishes for all mothers and fathers, prematurely, in a mechanized youth-devouring age, forced into retirement, to have the chance of living with dignity in a world of ever broadening horizons.

Mr. Chairman, within 2 weeks I received over 5,000 letters. They came from every State in the Union. It seems

that the newspapers had reported the matter, not with too much play-up, but because here was something that the great American public, composed of men and women with hearts, was interested in the public response was spontaneous and terrific. I ask my colleagues to consult their files and if I am in error to correct me. At that period the mail from constituents supporting a housing program for the elderly was larger than the combined mail on all other subjects.

I had hoped for a select committee of the House exclusively to devote its attention to this phase of the housing problem. This hope was not realized, but there was created a housing subcommittee chairmaned by the distinguished and very able gentleman from Alabama [Mr. RAINS], who deserves the gratitude of the House and of the country for a work well done and on the pattern of a scholarly and unbiased inquiry and not that of provocative controversy, which makes a loud noise and dies out in the echo of its own shouting.

Thé Rains subcommittee, however, was charged with the large responsibility of covering the entire field of housing. This included all public housing, military housing, college housing, mortgaging, financing and the many, many programs and phases necessarily, because the very foundations of our national defense were threatened by the woeful lack of housing for the defenders of our country in the armed services, much more time and attention had to be given in the travels and conferences of the subcommittee to military housing than to housing for our senior citizens.

It is to the credit of Chairman RAINS and the subcommittee, and to the Banking and Currency Committee of the House, that in the bill reported out by the committee there are two programs for housing for the aged that if adopted would mark the greatest progress ever made by any country in providing for senior citizens the housing they have earned and deserve and that indeed would be the means of broadening for those on the western slope the horizons of life.

#### CLOSES DOOR ON THE AGED

In the Widnall substitute, the acceptance of which is to be forced upon us as a compromise, there is no provision whatsoever of any real validity for housing for the elderly. The Widnall substitute closes the door, and nails it tight, on all hope for a housing program in the 84th Congress for our senior citizens.

Mr. Chairman, I am speaking now to the country, to the 5,000 persons who wrote me in 2 weeks' time, to the countless thousands all over the country who have written to their respective Congressmen, to the ministers in the churches and the editors in newspaper sanctums and the men and women everywhere who will not rest until, for our elderly men and women, married and single, now woefully neglected and kicked about, this great rich Nation of ours has provided a housing program better than that of some tribes of the frozen North who, when age and winter came to their parents, sent them marching out in the night and the cold to perish. That way



of solving the problem of housing for the aged, solution of the problem by the liquidation of the aged persons who create it, will never be accepted by the American people.

The Widnall substitute, which we are assured will be adopted as a compromise, gives the challenge to the American people. Come the 85th Congress, Mr. Chairman, and as sure as the day follows the night, there will be a select committee delegated to give its exclusive attention to housing for the elderly and from its studies pursued solely in this area will come legislation measuring to the expectations of the American people, atune to the prayers of good people everywhere and abounding eternally to the credit and glory of the 85th Congress.

In failing to provide a housing program for the elderly, the 84th Congress will have missed the boat. I am utterly dumbfounded that those responsible for the drafting of the so-called compromise bill remembered everybody else and forgot only those who seem to have offended the drafters of this substitute by getting old.

Mr. Chairman, in my opinion the housing bill reported out by the Banking and Currency Committee and which largely was drafted by chairman RAINS, the members and the staff of the subcommittee is the best housing bill that has been brought to the floor of this Chamber for a number of years. The best proof is that about 90 percent of the wordage in the substitute bill is almost a complete pick-up. The trouble is that in the 10 percent omitted is so much that the country could ill afford to lose. I wish, Mr. Chairman, to repeat that the Congress and the people of this country owe to the gentleman from Alabama [Mr. RAINS] gratitude and appreciation. He has labored day and night on the task of perfecting a housing program meeting the needs of all our people and constructively promoting the best interest of the building industry. In its numerous public hearings, under the guidance of its great chairman, the subcommittee has kept steadily and faithfully on the study level. It has sought always facts and expression of honest opinions, never quarreling controversy. The cities that it has visited it has left with the respect of the public, the press and of all the witnesses who appeared before it. Too much credit cannot be given the professional staff, under the direction of John Barriere, which I feel has done one of the outstanding jobs in the history of congressional investigations.

#### HASTY ACTION ON HOUSING

Once again, as has been our custom for many years, we are taking hasty, last-minute action on housing—one of the principal mainstays of this Nation's economy. Usually we wait until the last possible moment and then go to conference for some kind of a compromise solution with the Senate.

Now we seem to be getting ready to vary that routine. We've managed to wait until the last minute again without too much trouble. But instead of preparing to compromise so that some kind of bill can get through the closing hours and we can all go home, we are con-

sidering action that can most easily lead to no housing program for the Nation at all.

This, I submit, would be disastrous to the people of this Nation and its economy. Why can't we debate this housing issue on its merits, and reach some conclusions openly?

It seems to me that it is high time we recognize that, as Charles Abrams put it in the recently published Housing Yearbook:

We have reached the point in our urban civilization when we must think in terms of salvaging our cities, as we think of salvaging our farms.

From my personal observations, I find that more and more citizens in places of high responsibility are conscious of having arrived at that point. There is an increasing determination to meet the challenge presented.

At the same time it is recognized that the Federal Government holds the key to permanent solutions for urban complexities. Our cities alone can no longer grapple successfully with the problems involved. We have a responsibility to pass housing legislation that will permit the orderly and progressive renewal of the great urban centers of this country.

We have not, however, passed a housing program big enough to have any relationship whatsoever to proven needs since 1949. As for low-income families, it has taken the Federal program 22 years to build as many dwellings as private enterprise has built in 16 months. What is there in the record that causes this Congress to shy away from a modest public-housing program such as is contained in the proposals under consideration?

I believe that it is high time in this country to have a housing program geared to needs, which certainly include at least the 135,000 units of public housing a year that were contemplated when Congress passed the Housing Act of 1949. Let us stop this dilatory attitude on housing matters when the stakes are the decent, healthful, and happy lives of thousands of American citizens.

#### DISPLACED BUSINESS TENANTS

Mr. Chairman, I should like to turn to another aspect of the slum-clearance program. We must recognize that when large sections of a city are selected for razing and demolition, inevitably hardships are created. There are thousands of small-business enterprises of all types and descriptions who are forced to leave their present business site and their present following of customers. Hardest hit are the small-business tenants who receive no compensation under existing condemnation proceedings for the cost of moving to a new location and for other costs incurred by the dislocation of their business. The need to do equity to these displaced small businesses has at long last been recognized and H. R. 11742 would do two important things to help these small enterprises.

First, it would permit reimbursement for moving expenses and other losses of property—except goodwill—up to \$5,000 for any one business.

Second, the bill would provide the Small Business Administration with \$25

million to make loans, under liberal credit standards, to help small businesses to relocate. The loans would be at 4 percent interest and could extend for a term as long as 20 years. This provision, I am sorry to say, is not contained in the substitute bill (H. R. 12328).

#### CONCERNING SECTION 227

Mr. Chairman, I should now like to turn to a special problem arising from the cost certification requirement of section 227 of the National Housing Act. This problem was brought to my attention by the situation in the Hyde Park area of Chicago. Under present law and regulation, it appears that the cost certification requirement works inequitably when applied to the rehabilitation financing of existing structures to the point where the incentive on the part of the owner to improve such properties is almost nonexistent.

The effect of the existing law is to require a property owner to invest additional cash to finance improvements even where he has a substantial equity in the property. I realize that the original intent behind the language in section 227 with respect to rehabilitation financing was to prevent the use of section 207 or section 220 as a device for the owner to withdraw his equity with the proceeds of an FHA-insured loan. I am in general agreement with this objective but believe that section 227 as originally drafted went to far with respect to the rehabilitation of existing structures. It would seem quite desirable in my opinion to permit the owner to cover in full the costs of rehabilitation where he has a sizable equity in the property. It would seem especially desirable to provide additional incentive in view of the great emphasis now being placed upon the role which rehabilitation will play in the urban renewal program to fight the spread of blight.

In order to rectify this inequity with respect to existing construction, and to give additional incentive to rental property owners to improve their properties under sections 207 and 220, H. R. 11742 would amend section 227 to permit insured loans under these sections to cover the full cost of rehabilitation as well as the refinancing of any existing indebtedness provided that the total loan does not exceed the maximum percentage of value permitted by statute. Such a change would permit the owner in most cases to borrow the full cost of rehabilitation, but at the same time would not allow him to take out any of his equity in cash from the mortgage proceeds. While H. R. 12328 contains a comparable provision, I feel it is so restrictive as to afford almost no relief in this area.

#### HOUSING FOR THE AGED

Mr. Chairman, H. R. 11742 would authorize two important new programs designed to furnish housing relief to elderly families and elderly single persons.

I believe strongly that the case for Government support to the aged in the housing field has been profusely and convincingly demonstrated and that such support should be provided without further delay.

There is statistical and sociological evidence galore to emphasize the prob-



lem which results from the disparity between the cost of adequate housing and the ability of many older people to pay for it. For this reason the problem cannot be solved in my judgment without Government support.

The bill would attack the problem of housing for the elderly on several fronts with a combination of programs designed to give both public and private support.

Section 201 of the bill would provide a new program designed to give relief to elderly families and single persons by encouraging the rehabilitation and construction of low-cost housing by private nonprofit groups. The bill would set up in the Housing and Home Finance Agency a new loan program to provide low-cost financing on liberal terms to nonprofit corporations interested in building decent housing for the elderly. The new loan program is substantially similar to the college housing loan program which has been singularly successful and which has provided needed housing to our colleges and universities for housing and related facilities for students and faculty members.

The bill would provide for loans to nonprofit corporations at an interest rate not to exceed  $3\frac{1}{2}$  percent per annum and for a term up to 50 years. Loans could be made for the full amount of the project cost. A revolving fund of \$250 million would be established from which the loans would be made.

#### PROHIBITIVE FINANCING COSTS

The Banking and Currency Committee considered the alternative proposal contained in H. R. 12328, the substitute bill being offered by the gentleman from New Jersey [Mr. WIDNALL] which would call for setting up a new program within the FHA for insured mortgage loans to provide financing for nonprofit corporations to build housing for the elderly. On the surface the proposal in H. R. 12328 would appear to have substantially the same objectives as the program called for in section 201 of the bill.

The basic flaw in the FHA-insured mortgage program proposed in H. R. 12328 is that it would impose prohibitive financing costs upon the sponsoring nonprofit corporation and would therefore defeat the very purpose sought, namely, to provide housing at a low cost to elderly families and persons. Under the mortgage insurance plan the interest would have to be at least  $4\frac{1}{4}$  percent, which is the present rate for FHA rental housing, and when the one-half of 1 percent insurance premium payable to FHA is added, the results would be a gross financing cost to the corporation of at least  $4\frac{3}{4}$  percent. Moreover, the maximum permissible loan term would probably be limited to 40 years which is the maximum term which FHA presently permits for all its multifamily housing operations. In contrast, the bill as reported by your committee would provide 50-year loans at a gross financing cost of  $3\frac{1}{2}$  percent.

The significance of these differences can easily be seen when translated in terms of comparative rentals. It is expected that the cost of the typical housing unit which would be built for elderly

citizens under H. R. 11742 would be in the neighborhood of \$7,000. The probable economic rent for such a unit would be at least \$60 per month, if the insured mortgage device were to be employed. Under the program, contained under H. R. 11742, the economic rent for the same unit would be at least \$10 per month less, thereby reducing the rent from \$60 to \$50 a month.

#### AID TO SPONSORING GROUPS

One of the special features of the bill in my opinion is the opportunity it will afford in many cases to sponsoring groups who will be willing to charge less than the economic rent to their elderly tenants. By subsidizing the difference between the rents to be charged and the economic rent, the sponsoring charitable, civic, fraternal, or other public-spirited nonprofit group, could offer dwelling units to elderly citizens at rent levels more in keeping with their ability to pay. Recognizing that the payment of such a subsidy would naturally place an economic burden on the funds of the sponsoring nonprofit organization, I believe that it is vital that financing be made available to such groups at the lowest possible cost and on the most liberal terms. In this way any rent subsidy which these groups may absorb could be kept to a minimum.

In order to meet the pressing needs of elderly families and persons in the lowest income groups, section 202 of the bill would authorize the construction of 10,000 low-rent public housing units annually for a 3-year period beginning July 1, 1956. The units to be constructed would be designed to meet the special needs of safety and convenience required by elderly persons. Both elderly families and elderly single persons would be eligible.

Frankly, I do not believe that section 202 is at all adequate. It had been my intention to offer an amendment to expand it along the lines of my bill, H. R. 3919, which would provide 250,000 units of public housing for the elderly at the rate of 50,000 units per year over a 5-year period. Unfortunately, the gag rule under which we are operating does not make this possible.

Mr. Chairman, I hope that this committee will vote down the Widnall bill, H. R. 12328, and then approve the Spence bill, H. R. 11742.

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, frankly I did not expect to be in this position several weeks ago when the Spence bill had been reported out of committee and was in the hands of the Rules Committee. The bill I have offered should provide a background for compromising vast differences in opinion with respect to the many phases of our housing law. It takes the best out of the Spence bill, the administration bill, and some out of the Senate bill, phases of the housing law on which there is substantial agreement as to continuance, agreement as to enlargement of the program, and agreement as to betterment of the program.

I would like to pay special tribute to my colleague, the gentleman from Alabama [Mr. RAINS], who has worked so hard as chairman of the Subcommittee on Housing, together with the other members of the subcommittee. He has a thorough knowledge of housing and has specialized in this field for years. The Rains housing subcommittee labored for long hours throughout the year hearing testimony throughout the country as to the needs of the people.

In the original Spence bill there are items with which I was personally in disagreement. It was the result of the work of the committee as supported by a majority of the committee, but we found this impasse before the Rules Committee, and we all knew that the only way we could get housing legislation in this session of the Congress was by some form of compromise. The Senate was unwilling to reconsider its bill. The Committee on Banking and Currency of the House was unwilling to reconsider its bill, so that a compromise seemed to be the only thing in order.

My primary interest since I have been a Member of Congress has been to help provide for the orderly development of our housing program. With a view toward breaking the log jam and in an effort to provide a bill acceptable to the House, last Friday I offered a substitute bill. I know that some have objected to what they term a gag rule, but this rule would not have been requested if it were not felt by many that it was the only way in which a housing program could be provided this year, that would be accepted by the Congress.

It seems to me that in the past too much emphasis has been placed on public housing in the overall housing program for the United States. In past years we have had 1,300,000 to 1,500,000 starts, and only a small portion, 35,000 or 45,000 units per year have been in public housing. To read some of the great metropolitan dailies you would think the entire housing program in America consisted of public housing, and that the whole program would rise or fall in accordance with final disposition. I have personally contended that there should be some public housing in any bill, until it was proven that private industry could provide decent housing, with modern sanitary facilities, for the low-income group. I know there are many who sincerely, over the years, have opposed any public-housing program because of the conviction that it had no place in our country.

You will recall that the distinguished Senator, Robert A. Taft, respected for his sound approach toward government, was convinced that at least 10 percent of the housing starts in any one year should be devoted to public housing. Since so much attention is focused on the public housing feature of the full housing program I want specifically to call your attention to the fact that in the substitute bill offered by me there are 35,000 starts in each of 2 years for a total of 70,000. This is in contrast to the program offered in the Spence bill where there would be 60,000 starts in each year for a 3-year period with 10,000



units to be set aside each year for housing for the elderly.

The Senate bill would provide 135,000 units until the authorization was exhausted, which would mean a program over 4 years of 135,000 units per year.

You should understand that in the bill that has been offered by me there is a requirement for what is called a workable program, that is a program for the eradication and elimination of slums. I feel there has been a good deal of misunderstanding with respect to that program. It is my belief that this should be a prerequisite for Federal aid to public housing just as it is a requirement for Federal aid to urban renewal, FHA mortgage extension and the urban renewal housing.

Mr. FISHER. Mr. Chairman, will the gentleman yield for a little clarification at that point?

Mr. WIDNALL. I yield to the gentleman from Texas.

Mr. FISHER. The gentleman's substitute includes what I think is a very attractive feature regarding the requirement for workable plans in a community before they can be eligible for public housing. As I understand, it was in the legislation that became law in 1954, not only that one but another requirement, and that was the administration's program; but it was not in the bill last year. Mr. Cole made a statement last year on that point. I want to ask the gentleman why it was not also included. He said, and I am quoting:

Cities develop approved programs of urban renewal prior to participation in Federal public housing aid.

Public housing be made available only to families displaced by slum clearance projects.

In a letter which was read into the RECORD here last August, page 11108 of the RECORD for last year during consideration of the conference report—the gentleman remembers that, I am sure—the gentleman from Massachusetts, [Mr. MARTIN] read a letter which was sent up to him that day by Mr. Cole, the Administrator, in which he reiterated that position. I have the quotation here from it.

Now, will the gentleman explain just for our information why that provisions which has been part of the administration's program heretofore was left out in the gentleman's substitute?

Mr. WIDNALL. I cannot speak for Mr. Cole on that because I do not have any statement from him, but it is my understanding that they found that in the development of the public housing program it tied it down too much, tied it down unreasonably in execution. There are also some States that could not qualify because of limitation by the constitutions of those States.

Mr. FISHER. Mr. Chairman, will the gentleman yield further on that point?

Mr. WIDNALL. I yield to the gentleman from Texas.

Mr. FISHER. Some of us would like to know the administration's point of view with regard to that. That requirement was written into the law in 1954, as the gentleman recalls.

Mr. WIDNALL. That is right.

Mr. FISHER. Last year a change was made in conference. It had worked apparently fairly well, and so far as I know Mr. Cole has not retracted that viewpoint. Does the gentleman know if he has? Or has it come to his attention?

Mr. WIDNALL. The "workable plan" is currently being applied to urban renewal projects but it is not applied to public housing. It was taken out of the law last year.

Mr. FISHER. I am referring at the moment to displaced persons, so to speak, those displaced by slum clearance projects being the ones who would occupy a project. Has the gentleman heard anything from Mr. Cole to the effect he does not insist on the viewpoint it should be written into the law? That was his viewpoint last year.

Mr. WIDNALL. Personally, I have not heard that. The provisions of this bill as far as public housing is concerned meet with his approval.

Mr. FISHER. The gentleman says he believes that. He says he has not heard from him. Is that an assumption on the part of the gentleman? That is what I want to find out. Has Mr. COLE told the gentleman that?

Mr. WIDNALL. I have been told that by people in his department.

Mr. FISHER. Has the gentleman talked to Mr. COLE about that himself?

Mr. WIDNALL. I have not personally talked with him about that.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Michigan.

Mr. WOLCOTT. I think I can throw some light on this matter. I talked to Mr. Cole and much to my disappointment Mr. Cole is now of the opinion that he wants these 35,000 with a workable program only.

Mr. FISHER. I wanted that clarified and I think it should be clarified.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Ohio.

Mr. VANIK. A few moments ago the gentleman from Michigan made the statement that there was an abundance of public housing units in the pipeline. Is the gentleman aware of the statement that was made by Mr. Slusser, Public Housing Commissioner, in which he said on July 19:

That to the best of our knowledge we should be able to contract for between 40 and 45 thousand units by July 31. At the present time that is our expectation based on reports to this office from our regional offices which are dealing with several hundred local housing authorities.

If that is true, it would indicate that there are no units available. Will the gentleman comment on that?

Mr. WIDNALL. I have in my possession a press release made on July 23 by Public Housing Commissioner Slusser in which he said:

I am confident that the PHA will be able to place under annual contributions contract by July 31 substantially all of the 45,000 units authorized by Congress.

That would mean practically all would be used up.

Mr. VANIK. How does the gentleman reconcile that with the statement made by the gentleman from Michigan?

Mr. WIDNALL. Personally, I cannot reconcile the two statements.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Michigan.

Mr. WOLCOTT. Up to the present time of that 45,000 they have only entered into contracts for new annual contributions for 4,371. Then he went on further and said it was expected before July 31 that they would get another 15,000, I believe he said. So that by July 31 they would have contracted for a little over 20,000 of the total of 45,000 units. So there will still be 22,500 left.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Ohio.

Mr. VANIK. If what the gentleman from Michigan says is correct, then there are no more units that will be available, according to Mr. Slusser. Is that not a proper observation of the statement made by both the newspaper statement and the letter addressed to members of the committee?

Mr. WOLCOTT. The gentleman loses sight of the fact that was a 2-year program. The 45,000 will continue for another year.

Mr. VANIK. Is that not only a 1-year program?

Mr. WIDNALL. I believe that contractual authority expires on July 31.

Mr. VANIK. On July 31 of this year.

Mr. WIDNALL. Without any further authorization.

Some reference has been made to lack of anything in this bill for the housing of elderly people. I want to specifically call your attention to three phases of the bill which would help the elderly.

Section 203 of the National Housing Act would be amended to provide that in the case of the purchase of a home by a person 60 years of age or older, the down payment may be made by a person other than the mortgagor. This provision will benefit many who while having an assured income over the years have not been able to amass an amount sufficient to make the down payment.

Section 207 of the National Housing Act is concerned with mortgages insured by FHA on rental housing. My bill intends to amend this section so that non-profit organizations wishing to construct rental units exclusively for elderly persons or their families may have the advantage of an increased loan ratio. My bill provides for mortgage insurance based upon 90 percent of replacement cost in these instances as compared to a further proposal in the bill to increase from 80 percent to 90 percent of value the mortgage-insurance authorization in all other rental housing. It is further provided that the maximum mortgage amount per unit, in units assigned and designed for the elderly, may be \$8,100. Church, fraternal, and labor groups have all indicated intense interest in sponsoring rental housing designed exclusively for the elderly. This will make it possible for them to construct that housing.



Three changes are proposed in the public housing section, and I would like to particularly call this to the attention of the gentleman from Illinois [Mr. O'HARA]. Extra costs for specially designed public housing for the elderly are authorized. Priorities are established for admission of elderly families to public-housing units, and single persons over 65 will be permitted to occupy public housing, so that in the construction of 35,000 units in any year under my bill, it will be possible for elderly families to obtain quarters in public housing which is exactly what they could have secured under the 10,000 units specifically assigned in the Spence bill. And there are many people who believe that it is unwise to try to set up a program for the future in America to have segregated housing for the elderly.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Illinois.

Mr. O'HARA of Illinois. I wonder if the gentleman ever heard the story of the man who wanted his horse to run. He got a fishpole and he put an ear of corn at the end of the fishpole, just out of reach of the horse. The horse ran faster and faster to catch up with the corn, but it was all rigged to give the horse an expectancy but no chance of realizing the expectancy because, as the fishpole was attached to the buggy, it moved forward just as fast as the horse. Now, does not the gentleman think that his treatment of this very serious problem of housing for the aged is somewhat on the pattern of that corn at the end of the fishpole?

Mr. WIDNALL. No; I do not agree with the statement of the gentleman from Illinois.

Mr. O'HARA of Illinois. Then, can the gentleman show one substantial thing that he has in his bill that would help these elderly people?

Mr. WIDNALL. The second provision that I spoke of, which would permit the financing of special housing for the elderly by nonprofit organizations, and there are many throughout the length and breadth of America that have evidenced interest in that type of FHA insurance.

Mr. O'HARA of Illinois. Does the gentleman think that that begins to compare with the provisions in the Rains bill?

Mr. WIDNALL. I do, because I believe it is the way the majority of the people of America would want it handled and not by outright grants from the Government through a direct public-housing program especially designed for the elderly.

Mr. O'HARA of Illinois. Does the gentleman maintain that the majority of the American people wish to give the minimum to our senior citizens?

Mr. WIDNALL. I did not say that.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Ohio.

Mr. OLIVER P. BOLTON. I want to compliment the gentleman on the job he has done in putting this bill together.

With specific reference to public housing for the aged, is this a requirement, or is it a permissive part of the bill? Am I correct in saying it is permissive?

Mr. WIDNALL. The gentleman is correct.

Mr. OLIVER P. BOLTON. And therefore under the provisions of the public-housing statute in this bill those units which are built for elderly citizens, for our senior citizens, would have to be in accordance with the local plan; is that not correct?

Mr. WIDNALL. That is true.

Mr. OLIVER P. BOLTON. I thank the gentleman.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Michigan.

Mr. WOLCOTT. I have been asked by some of the Members to clear up a situation that develops in the use to which special housing may be used. In the 1954 act we have this provision in section 513 which says:

The Congress hereby declares that it has been its intent since the enactment of the National Housing Act that housing built with the aid of mortgages insured under this act is to be used principally for residential use, and that this intent excludes the use of such housing for transient or hotel purposes while such insurance on the mortgage remains outstanding.

It is my understanding, and I should like the gentleman to confirm it if he is of that opinion, that his substitute does not by implication or otherwise repeal or amend any of those provisions of the 1954 act which I have read.

Mr. WIDNALL. I do not believe that my substitute in any way affects or repeals the provisions the gentleman has just read. I believe that is a permanent part of the law.

Mr. SCHENCK. Mr. Chairman, would the gentleman yield?

Mr. WIDNALL. I yield.

Mr. SCHENCK. Mr. Chairman, I should like to commend the gentleman for the fine work he has done in the interest of FHA and other mortgage insurance programs. My questions are to that phase of this situation. It is my understanding that because of the interest rate situation at the present time money for FHA mortgages is quite scarce, particularly on mortgages of 30 years' duration and 5-percent downpayment. I am wondering if the gentleman can give us any information as to what mortgage money will be available or is available or what this Congress can do about it.

Mr. WIDNALL. I believe that under the Fannie Mae provisions in this act it is possible and will be possible to loosen up the market, that there is a liberalization of the use of Fannie Mae and it should materially affect the mortgage market. All the information I have received recently has been to the effect that mortgage funds are flowing better than they did several months ago.

Mr. SCHENCK. Mr. Chairman, will the gentleman yield further?

Mr. WIDNALL. I yield.

Mr. SCHENCK. It is my information that FHA mortgages are being discounted as much as 5 percent and 6 percent.

When a purchaser is buying a home and has to pay a 5 percent or 6 percent discount on the mortgage, that represents a very serious situation.

Mr. WIDNALL. That is true, and that has existed in several sections of the country. It is my hope that through provisions in this bill we are going to get a better flow of mortgage credit. There was a period when many of the lending institutions became loaded up with mortgages and stopped lending. I think they have reached the point where they are going back into the market again.

Mr. SCHENCK. May I say to the gentleman that the building of homes is a tremendously important part of our entire national economy. It includes not only the labor going into the building of the homes, but includes the labor going into the manufacture of all the equipment and the material that goes into the home. So building 1,300,000 homes in a year is a very definite part of our national economy. I would hope that the gentleman's committee would do everything it could to encourage the proper development of home building so long as that development can be justified by the demand of people for housing.

(Mr. WIDNALL asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. ADDONIZIO].

Mr. ADDONIZIO. Mr. Chairman, H. R. 11742—the Housing Act of 1956—is a product of months of study and hard work. I am proud to be a member of the special Subcommittee on Housing, whose extensive hearings and reports formed the basis for much of the substance in the bill.

The bill is not a limited purpose of legislation designed to meet 1 or 2 phases of our housing need. Rather, it is a general omnibus housing bill with many worth-while features which attempt to help all areas of the housing needs of our people. It proposes to do this by introducing new programs and by perfecting existing housing programs.

One section in the bill is designed to prop up our home-building industry which is one of the disturbing soft spots in our economy. Additional stimulus would be furnished by liberalizing the secondary-market support to GI and FHA loans supplied by the Federal National Mortgage Association. For example, the bill would authorize FNMA to issue advance commitments under certain conditions which would help provide much-needed production credit support for builders in many parts of the country. It would also provide additional funds for FNMA's special-assistance program which supports especially deserving housing programs such as co-operative housing, housing for disaster victims, and housing produced in connection with slum-clearance operations.

Another section of the bill recognizes the serious and persistent problem facing our low-income groups. Despite the huge strides in efficiency and productivity which the home-building industry



has made in recent years, the plain fact remains that our lowest income groups cannot afford decent, safe, and sanitary private housing. The only answer to the housing needs of our lowest income families is low-rent public housing, which, through Government subsidy, permits rents which these families can pay.

To help meet the housing needs of these low-income families, the bill would provide for the production of 50,000 low-rent public-housing units each year for a 3-year period, a total of 150,000 additional units. Personally, I would have preferred to see the bill contain a larger public-housing program. Certainly a 50,000 unit annual total should be a rock-bottom minimum. Also, at long last, the bill proposes to do something real and tangible to meet the housing needs of elderly families and elderly single persons. The bill would provide housing relief to the elderly in several ways.

First, for those elderly families and single persons in the very low income groups, the bill would provide for 10,000 low-rent, public-housing units for 4 years, specifically for elderly families and single persons 65 years or over. This 10,000 units a year quota would be in addition to the 50,000 units a year the bill authorizes for the regular public-housing program.

Under present law, elderly single persons are not eligible for the regular public-housing program. The bill would eliminate this discrimination against elderly single persons and make them eligible for occupancy in public housing units.

The bill also provides an entirely new program designed to provide decent private housing at modest rentals for elderly families and single persons. It would set up a special loan fund in the Housing Agency to make loans to nonprofit, charitable corporations desiring to build housing for the elderly. By making the financing available at a low interest cost—3½ percent per annum for a long maturity—up to 50 years—the bill would permit these nonprofit corporations to provide good quality housing to elderly tenants at much lower rentals than would otherwise be possible.

Another section of the bill would make it easier for elderly folks to buy homes under the regular FHA program. Quite often the elderly family will have sufficient income to buy a home under the FHA program, but may not be able to meet the down payment requirement without hardship. The bill would make it possible for another individual to supply the required down payment.

Of special interest to urban communities are provisions in the bill designed to speed up the national program of slum clearance and urban renewal. In our hearings throughout the country, our subcommittee found that vitally needed slum clearance and urban renewal operations were too often bogged down in a maze of Government red tape and buck passing. It is my belief that passage of this bill will do a great deal to get more momentum into the slum clearance and urban renewal programs.

One of the knottiest problems is that of relocating the families who are forced to move. Since many of these families

are in the lowest income groups, the need for additional low-rent public housing units to house such families is urgent. But in addition, we must find means of housing families whose incomes are too high to qualify them for public housing. The bill would expand or liberalize the FHA section 221 program which was originally provided to build sales and rental housing for families displaced by slum clearance and urban renewal operations.

So far, however, the section 221 program has been pretty much a dead letter with practically zero units at all being built. To make the relocation housing insurance program really work, the bill would provide higher mortgage amounts more realistically in tune with the high construction costs in metropolitan centers. It would also make home purchase much easier for displaced families by permitting them to buy with no down payment. Under the bill they would be required to pay only \$200 in cash to cover closing costs. Also, to permit lower monthly mortgage payments, the bill would extend the maximum repayment term from 30 to 40 years.

The bill would also do something to meet the crying need for rental housing at moderate rents in urban centers. It would liberalize the loan provisions for the two important FHA rental housing insurance programs. It would stimulate the production of section 220 rental housing which can be built in areas cleared of slums. It would also provide further incentive to sponsors to build section 207 rental housing projects in other parts of the city.

FHA's cooperative housing program under section 213 would also be given a boost by the bill. Cooperative housing offers great promise for producing modest cost housing, particularly in our larger cities, and I am hopeful that provisions of the bill will step up the production of this much needed housing.

The bill would also provide assistance to other important housing needs. For example, it would provide additional funds for loans to colleges and universities to build the housing acutely needed to cope with the ever mounting student enrollment.

The bill would not neglect the housing needs of farmers. It would provide a 5-year loan program to help eliminate substandard farm housing.

The housing needs of our military forces are given special attention in the bill. The armed services so vital to national security cannot maintain the morale and efficiency of our soldiers, sailors and airmen unless decent and adequate housing can be made available to them and their families. The bill would expand the scope of the military housing program and would make it possible for the military services to provide better quality rental housing for military and key civilian personnel.

Mr. Chairman, I think H. R. 11742 is a "must." It will help keep our housing industry rolling in high gear. And it will go far toward meeting the many special housing needs of the American people. I deeply hope that it will become law this year.

(Mr. ADDONIZIO asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. FISHER].

Mr. WOLCOTT. Mr. Chairman, if it is agreeable to the gentleman from Kentucky, I yield 2 minutes to the gentleman from Texas.

Mr. FISHER. Mr. Chairman, I shall vote against the committee bill and I shall vote against the substitute if it is adopted. I am sure the substitute is an improvement after a fashion on the committee bill. It reduces public housing a great deal, down to 35,000 per year for 2 years.

I am opposed to the principle of public housing. It has been said that the late and lamented Senator Taft envisioned and supported this great program. I made a study of some of the speeches he made in support of his position. I think he was a man of considerable statesmanship. If you will go back into those speeches you will see that he always envisioned it as a welfare program when he spoke about public housing, not a socialized program but a welfare program. The idea was that public housing to be justified under our existing free enterprise system should be confined purely to welfare purposes. When it got beyond that it would become socialism and therefore very objectionable, when it got beyond just admitting poor people, unfortunate people, the charity-case level of public assistance. But it has long since passed that stage, as you will find if you study public housing as it has operated in this country.

Not long ago I was reading a story which I could multiply many times, but it illustrates the point. This is from a press report. It stated that the Reverend F. Raymond Baker, Wilmington, Del., Housing Authority, protested increasing up to \$4,800 the income that people could have and still be eligible to live in the public housing units up there; that you and I have to pay for for them to live in.

I have been a member of the Wilmington Housing Authority, and during that time I have been interested in, first, housing for low-income families, and second, keeping the professionals from going too far with public housing.

Then he said:

This increase that was proposed to \$4,800 for a person to still be eligible to have the taxpayers help pay the rent marked the end of public housing for welfare and begins public housing as socialism.

That illustrates the point I am making.

Last year or the year before I offered an amendment which would limit this thing to low-income people. Of course the public housing people hit the ceiling when you do that. They want no part of it. That is demonstrated by the fact that no longer are they willing to hold it down to slum clearance. In the old days to justify this and make it sound innocuous and good, they said, "We have to have a place to put these unfortunate people who are pushed out on the



streets when a slum is torn down." That makes sense, so we wrote it into the law in 1954, and we continued it for a year. But since public housing program has long since passed the low-income stage for tenants, a mass of opposition developed to confining projects to occupancy by low-income people and refugees from slums that are torn down. The professional public housers in opposing the law to restrict occupancy of new projects to displaced slum dwellers, had to show their hands. They no longer make any bones about it. There is no longer any direct relationship at all between slum clearance and public housing as we know it today.

Public housing is now patterned to fit higher income people. Even middle income tenants are no longer a novelty. Yet you and I and every American taxpayer must foot the bill and help pay the rent bills for those people who manage to get themselves entrenched in a public housing unit where the rent is nominal, or in any event less than half of what the units would rent for if rented by private enterprise. So far as slum clearance is concerned, Mr. Chairman, I am informed, and I think correctly, that no more than 20 percent of present occupants of public housing units in this country moved there directly from a dismantled slum tenement. Actually the percentage is probably less than 20 percent.

In the old days when Senator Taft talked about this, he always associated it with slum clearance. But, that is no longer the case. That distinction should be made. A lot of people are falling back on what Senator Taft said. You had better study what he said before you attempt to rely on that as an excuse for going along with this socialization long after it has passed the stage that Senator Taft talked about in his defense and justification of the program. This House has expressed itself in opposition to a continuation of socialized housing repeatedly the past few years. The Members hear from home. They are close to the people, and that accounts for this continuous opposition. All public housing would have been stopped 5 years ago if the other body had not persisted in keeping it going. Let me just for the record give you a few figures on how the House has reacted to this thing in the past few years. The gentleman from Indiana [Mr. HALLECK] said that he is opposed to public housing, but that it is just a matter of stopping it gradually and getting a good stopping point. We have been trying to find a stopping place to the thing ever since it was authorized by a 5 vote margin here in 1949, after one of the most pressurized lobbying activities in the history of this Congress that got it adopted.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. FISHER. Let us just read this. It is kind of interesting, I think in passing.

In 1951, the House by a vote of 181 to 113 said let us have only 5,000 units.

In 1952, the House by a vote of 192 to 168 said let us have only 5,000 units.

In 1953, by a vote of 245 to 157, the House said let us have none—let us stop it now.

In 1954, by a vote of 211 to 176, the House said let us stop it all now.

In 1955, in the vote on the Wolcott substitute, you recall, by a vote of 217 to 188, the House said, let us cut it all out.

And the gentleman from Indiana says, let us try to find a good stopping place. We have been told that for the last 5 years. Now is the time it will die a natural death—it is a dead duck unless we revive it here today. I, for one, am quite satisfied with the explanation that the distinguished gentleman from Michigan [Mr. WOLCOTT] made when he said that we can go along very well without and housing bill being passed. He documented the reasons why that is true. The program will not suffer.

In respect to military housing, I understand that in the other body a simple resolution has been introduced which would continue the military part of it. Do not worry about it, that will be taken care of. The defense of this country is not going to suffer if this bill is defeated today. So why do you not stand up and vote the whole thing down. We will get along. We will save the taxpayers many billions of dollars too while we are doing it.

We are in as good a position to discontinue this experiment in socialism now as we will be a year from now. The time is ripe. The appropriation committee has repeatedly denounced it in recent years. I happen to have in my hand right now a report on the independent offices appropriation bill, 1954, dated April 17, 1953, and here is what that committee said about public housing then:

The original budget estimates, in carrying out the provisions of the Housing Act of 1949 for the fiscal year 1954, proposed 75,000 dwelling units. The committee is of the opinion that continuation of this program is not justified and is not in accord with the program for economy and a balanced budget.

I am fully aware of the fact that the machinery is greased for the substitute to sail through this body today, and I am sure the substitute will be adopted. The substitute is certainly a vast improvement over the committee bill. I hardly see how anyone could vote for that measure, calling for 180,000 new units with no restrictions of any kind. How anyone could face the folks back home after voting for that bill is too much to believe. So the substitute offered by Mr. WIDNALL is a vast improvement because it does contain the working agreement requirement and reduces the number of new units authorized. But it is still socialized housing and a little pregnancy is, after all, about as bad as a greater amount.

Mr. SCHENCK. Mr. Chairman, will the gentleman yield?

Mr. FISHER. I yield.

Mr. SCHENCK. Does the gentleman have any figures on the cost per unit to construct a public housing unit?

Mr. FISHER. If I can get 1 or 2 additional minutes, I would just like to read that into the RECORD too. I have it right here fresh.

Mr. SCHENCK. Is it approximately \$12,000 a year?

Mr. FISHER. Oh, it is a lot more than that. Let me give it to you. Well, the average initial cost runs around \$12,000—that is correct. But, that tells a small part of the story.

Mr. SCHENCK. Now \$12,000 times 35,000 units would amount to about \$420 million in a year plus all the interest in addition to that.

Mr. FISHER. But listen to this. I will try to run through this just as fast as I can. I wish the Members could understand this. It is absolutely amazing—I assure you, it is absolutely amazing.

The Federal subsidy runs approximately 200 percent over the development cost. That is in the hearings. If you want authority for that, read page 1217 of the hearings of the Independent Offices appropriation for 1957. That is all you need to do. It runs roughly 200 percent of the development cost. That would be \$24,000, you see, because the initial cost is \$12,000. So over a 40-year period, actually the Government is paying in the form of subsidy about \$24,000 for each of these units that is built. If you take the original bill which is before us here, where I make my computations—180,000 units times \$24,000 equals \$4,320,000,000 over the life of the project for 40 years. Of course, the Widnall substitute calls for less than half as many housing units as does the Spence bill, the committee bill. Therefore the total cost would have to be computed from that, assuming that the substitute is adopted.

Mr. SCHENCK. Does the gentleman mean \$24,000 per family unit?

Mr. FISHER. That is correct and that is over the 40-year period. That is the subsidy that the Federal Government pays on each of these things that is built.

Let us see if we can follow through on just one more point. I am glad the gentleman from Ohio [Mr. SCHENCK] inquired about cost features. The gentleman believes in sound economy in the spending of the taxpayers' money.

Mr. SCHENCK. Is the gentleman taking from that figure any rental that is received?

Mr. FISHER. No, I am not. Of course, the gentleman understands that none of that rental goes back to the Treasury nor in payment on the bonds which were sold to pay for the project. That is used in the maintenance and operation and the buying of television sets and mowing the lawn for the tenants because the tenants would certainly not want to get out and mow the lawns in these public housing projects. All of that service is furnished, at taxpayers expense, and more besides. None—or certainly practically none—of the rentals collected on these projects goes into the original cost of the construction or into reducing the annual Federal subsidy to pay on the bonds that have been sold. Rental money is used locally for various



purposes. It is used for upkeep, for housekeeping of the premises, for refrigerators, perhaps TV sets, if the local housing authority elects, and things of that kind.

Mr. Hiestand. Will the gentleman yield?

Mr. Fisher. I yield.

Mr. Hiestand. The subsidy referred to is cost less rent?

Mr. Fisher. That is correct. Of course, if any rent goes into a reduction of the subsidy for the project then the project is not operating as it should. Public housing is supposed to be for low-income people who pay low rentals, and there is supposed to be no profit flowing from such an arrangement.

A few moments ago I gave you the totals on the cost of the proposed 180,000 new units which would be authorized under the committee bill. That does not tell the entire story, not by any means. Let me carry it a little further. In addition to the Federal subsidy which I have described, there is a tax windfall. That results from the tax-free bonds that are sold to pay for the construction cost of public housing projects. Those are the only Government bonds today that enjoy that advantage. And there is, of course, a ready market for them. A 2-percent yield on one of these tax-exempt bonds is the equivalent of a yield of 13.33 percent on a taxable bond held by an individual in the \$80,000 to \$90,000 individual income-tax bracket.

Now, you may ask where I got my figures on the amount of this windfall, in terms of cost to our taxpayers because of loss in revenue from the fact the bonds are tax-exempt. I get it from the report of the President's Advisory Committee on Housing. At page 314 of that report is found this language:

It is estimated that for units completed under the Housing Act of 1949 the average tax loss (on tax-exempt bonds) will be about \$4.90 per unit per month.

Let us do some computing. The \$4.90 times 40 years equals \$2,352 per unit. And that amount times 180,000 units equals \$423,360,000.

Let us go even further in tracing the fantastic cost of this program. According to the Housing and Home Finance Agency the value of the contribution which local communities make by foregoing full ad valorem taxes on the projects occupied by these tenants, less in-lieu payments which are received from the Government, will approximate 50 percent of the Federal contributions over the life of the projects.

That, you can see, is no small item. We have already seen that the Federal subsidy per unit totals \$24,000. Well, one-half of that would be \$12,000, and \$12,000 times 180,000 units equals \$2,160,000,000. You see, no tax is collected by local communities from these projects. That is one of the conditions they must agree to before the project is built—that for 40 years not a dime of local taxes will be paid. In addition, streets, sewers, perhaps garbage collection, schools, police protection, and a multitude of other services are made available at the expense of local people and without any cost whatever to the occupants of these socialized projects.

There is one other cost item that should be mentioned. I refer to the administrative cost for handling public housing. That presently runs about \$10 billion annually. For 40 years that would total \$400 million.

Now, when you add all of these cost items—the annual Federal subsidy, the tax windfall that is lost, the net loss in local taxes, and the administrative cost—all over the 40-year life of the projects, for the 180,000 units called for in the pending committee bill, the cost would total \$6,880,423,360. You can see it runs into billions.

Already, Mr. Chairman, we have upwards of a half million public housing units in this country. That means we have nearly one-half million families who are wards of the Government so far as housing is concerned. Very few of those came in as displaced slum project tenants. In fact, a large number of them make more money each month than do many people who help pay their rent bills each month. Can you imagine it? How long is this sort of thing going to be tolerated?

I am informed that in Detroit families making as much as \$3,800 annually may be eligible to move into a public housing project, and may remain if the income goes up to \$4,500. A news report says in Dayton some such tenants earn as much as \$5,800. And these reports can be multiplied all over the country. That, Mr. Chairman, is not public welfare. That is not charity. It is socialism because it is not applied to people who are in the public welfare category.

There is more reason, as I see it, why the Government would be justified in helping pay a man's grocery bill, or his medical bill, than his rent bill. Perhaps that will be the next step—not only to pay part of the rent bill each month, but also part of the medical bill, the dental bill, the grocery bill. Just where is this thing going to stop?

Mr. Chairman. The time of the gentleman from Texas [Mr. Fisher] has expired.

Mr. Spence. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. Vanik].

(Mr. Vanik asked and was given permission to revise and extend his remarks.)

Mr. Vanik. Mr. Chairman, I want to take this opportunity to urge the adoption of the Housing Act of 1956, as set forth in H. R. 11742.

This spring the House Banking and Currency Housing Subcommittee, under the chairmanship of the Honorable Albert Rains conducted a hearing in Cleveland, Ohio, in which it was brought out that low FHA appraisals and the tight money markets have forced many people into acquiring homes under land contracts and other high-cost devices. In some cases the funds were obtained through second, third or fourth mortgages at discount rates up to 10 percent. It was pointed out that in the Cleveland hearings that money was limited for new construction, and practically unavailable for the purchase of older homes with reasonable downpayments. The purchase of homes under these difficult conditions forced the purchasers to

divide them up and sublet them contrary to the zoning laws in order to make current mortgage payments.

It was further pointed out in the Cleveland hearings that the lack of financing for the older residences and the high cost of such financing was creating a wide scale of breakdown of zoning and residential requirements resulting in the creation of new slums much more rapidly than slum clearance could correct the situation.

In Cleveland, as a result of an extensive slum clearance and redevelopment program, thousands of families will have to be relocated. In addition the city is constructing an inner belt highway system which will necessitate the relocation of 900 additional families. On the aggregate 18,000 families will eventually be displaced, of which 3,600 are estimated to be eligible for public housing. Thus in addition to the present supply there is an immediate urgent need in my city for 3,600 public housing units.

Cleveland has uniquely lead the Nation in the development of facilities for senior citizens whom we term as "golden agers." We have constructed a public housing project designed for senior citizens with special facilities for their comfort and for possible infirmities.

I hope that the committee bill will be supported because for the first time provision is made for the construction of special housing facilities for senior citizens, the number of which is increasing in every community in America. In the Nation the population of 65 years and over has grown from 3 million in 1900 to an estimated 15,400,000 in 1960. In the decade 1940 to 1950 the national increase of citizens of 65 and over increased at the rate of 36 percent.

In my community the median income of heads of households of 65 years and over is \$2,595 for homeowners, \$1,675 for rentals. These people are generally not able to purchase a home under existing laws and there is a tremendous need on the part of these older persons for good low-cost housing. In my community, as well as in most urban districts in this country, there are insufficient rental units available within the economical means of senior citizens and but few of these have been designed for the use of senior citizens.

The legislation submitted by Mr. Widnall as a substitute for this bill makes no adequate provision for housing for an important segment of our population. America must be mature enough to recognize its obligation to those citizens who are caught in the squeeze of low income, low pensions, and rising costs of living which constantly widen the gap.

Mr. Spence. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, as chairman of the Committee on Banking and Currency, I want to express my appreciation for the splendid work that Mr. Rains and his subcommittee has done in reporting the housing bill. After long labor, great consideration, and much traveling, the committee reported a bill which deserves to be considered under an open rule by this House. This body has been called the greatest deliberative body in the world, and yet by a rule its mental operations



have been shackled. A padlock has been capped on the minds of its Members. We still have the right to deliberate but the right to decide is very limited.

Speech in the House is often futile, but under the circumstances it is more futile than usual. You have the right under the rule to decide whether you will take the bill or the amendment. I am going to vote against the amendment. If the amendment is voted down, I am going to vote for the bill reported by the committee.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. VORYS].

(Mr. VORYS asked and was granted permission to extend his remarks at this point in the RECORD.)

Mr. VORYS. Mr. Chairman, I voted for the Colmer amendment to the gag rule on this bill. There was a mixup about that amendment which, by its terms, would have permitted a separate vote on public housing. I voted for the amendment, because I am against gag rules and against public housing. If the amendment had been adopted, I think we could have eliminated public housing from this bill. Some disagree. In any case, since the Colmer amendment lost, and this bill therefore comes up on a gag rule, with no opportunity for any amendments, I will vote to substitute the Widnall bill, because it contains less public housing, and requires each locality to provide a workable program for low-rent housing. My community can meet that test. Every community should be forced to meet it.

Other parts of the Widnall bill will provide and improve housing, and the conservation and development of urban communities in many ways. For instance, the bill provides property-improvement loans, housing for the elderly, college housing, military housing, slum clearance, and urban renewal, all of which I support. I think the whole program could be improved if we were permitted to go through it and consider amendments, as we usually do, but this is impossible. Therefore, while all of this detailed discussion and debate is interesting, it is rather futile. While there are things in both bills that I would like to support and others I would like to change, I will support the general administration program as contained in the Widnall substitute bill.

Mr. WOLCOTT. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. CURTIS].

(Mr. CURTIS of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise in support of this legislation.

It is my privilege to represent an urban district where there is a great deal of interest in public housing and in other housing measures. I was impressed by the statement of the gentleman from New Jersey that this public housing provision is overemphasized in the public mind; that it is in fact but a small part of the legislation now before the House. But, Mr. Chairman, we have a peculiar parliamentary situation here today and I would like to direct a question to the

distinguished gentleman from Michigan, ranking minority member of the committee.

Assuming that a Member of this House wants to support a liberal bill for public housing, under the present parliamentary situation would that best be accomplished by voting for the House bill or for the substitute offered by the gentleman from New Jersey, Mr. WIDNALL?

Mr. WOLCOTT. I would say very frankly to the gentleman that the administration is very much opposed to the public housing provisions of the House bill. It is very much in favor of the provisions of the so-called Widnall bill which will be offered, I assume, as a substitute.

The Widnall bill provides for 35,000 public housing units, and is not only sanctioned but is recommended by the administration, and under the situation, it probably is the only public housing that could possibly under the rules be adopted.

So I would say to the gentleman that if he voted for the Widnall substitute, he would best be assured that there would be favorable action for 35,000 units, or, as a matter of fact, 70,000—35,000 each for 2 years; and under this procedure it is the only possibility by which we can be sure of any public housing.

Mr. CURTIS of Massachusetts. One further question: Would the gentleman's answer be the same in regard to housing for the elderly?

Mr. WOLCOTT. I would say that under this situation the only hope we have for housing for the elderly is under the Widnall provisions.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Massachusetts. I yield.

Mr. MORANO. I would like to ask the gentleman from Michigan: Assuming that a Member voted against the Widnall substitute and the Widnall substitute carried, could he have an opportunity to vote for the measure as the chairman of the committee suggested?

Mr. WOLCOTT. If I understand the gentleman, if we voted for the Widnall substitute—

Mr. MORANO. Against the Widnall substitute.

Mr. WOLCOTT. Against the Widnall substitute? In other words, the Widnall amendment is defeated, then the question would come immediately on the committee bill.

Mr. MORANO. No, just the other way around: If a Member voted against the Widnall amendment, yet the Widnall amendment was carried, how then would the Member have an opportunity to vote for housing?

Mr. OLIVER P. BOLTON. In the Widnall bill.

Mr. MORANO. No.

Mr. WOLCOTT. He would not have any opportunity, although it would be theoretically possible to defeat it when you get back in the House.

But if the Widnall amendment is adopted in the Committee it is certain there will be a vote in the House on the Widnall amendment. If the Widnall amendment is defeated in the House then

the question would recur on the passage of the House bill reported out by the Banking and Currency Committee.

Mr. MORANO. That is not quite clear to me.

Mr. WOLCOTT. Maybe I did not understand the gentleman's question.

Mr. MORANO. There is an unusual existing parliamentary situation. I favor public housing. I would like to have more public housing than is provided in the Widnall amendment. If I should vote against the Widnall amendment, would I be precluded or foreclosed from voting for some public housing, assuming the Widnall amendment would carry?

Mr. WOLCOTT. Theoretically and practically the gentlemen would be precluded from any more public housing than the 35,000 included in the Widnall amendment.

Mr. MARTIN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Massachusetts.

Mr. MARTIN. If the gentleman votes against the Widnall amendment the chances are he gets no housing legislation at all and, therefore, he would defeat the very purpose of his objective.

Mr. MORANO. I wanted to get clear on that. There are those who might like to vote against the Widnall amendment because they feel they can vote for a bill in which there will be more public housing than there is in the Widnall amendment.

Mr. WOLCOTT. If the Widnall amendment is defeated, the gentleman could vote for the committee bill which has many times more than that.

Mr. MORANO. If the Widnall amendment prevailed over a vote I might cast against it, then where would I be?

Mr. WOLCOTT. You would be supporting the 35,000 for 2 years, and that is all.

Mr. MORANO. I would be voting against that?

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. SPENCE. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. VANIK].

Mr. VANIK. Mr. Chairman, a moment ago the gentleman from Ohio indicated he wanted to vote for the most liberal bill and the more liberal proposal. The committee bill is the more liberal one. It provides for 50,000 units plus 10,000 units for our senior citizens. The Widnall bill proposes less. It provides only 35,000 units for 2 years.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield to the gentleman from Ohio.

Mr. OLIVER P. BOLTON. The gentleman will concede, I am sure, that it depends upon what the interpretation of the word "liberal" is. If by "liberal" he means individual, then he will vote for the Widnall bill because that means less of State government. If he is in favor of big government he will vote for the committee bill.

Mr. VANIK. The gentleman from Massachusetts inquired as to which bill would provide for the greater number of



housing units. It is the committee bill that will do that.

Mr. CURTIS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield to the gentleman from Massachusetts.

Mr. CURTIS of Massachusetts. We were informed here that if we vote for the committee bill there would be no public housing in the end.

Mr. VANIK. I cannot agree with that proposition. The committee bill provides for a lot less than the Senate bill. I am sure if the Spence bill is adopted by the House there is strong likelihood it will pass this Congress.

Extension of remarks, preceding the vote on Widnall amendment.

Mr. CRAMER. Mr. Chairman, I wish to point out that on page 45 of the Widnall substitute, H. R. 12328, there is a provision providing the Housing Authority of the city of Tampa, Fla., with authority to pay to local governing bodies \$22,959.85 in lieu of taxes for project years ending prior to April 1, 1956, which, as result of action of the Public Housing Commission denying this authority to the Tampa Authority

This action resulted from my request to the Banking and Currency Committee and to Congressman WIDNALL that this provision be included in this bill because it was not included in H. R. 11742, the request having been made to me by the Tampa Authority after H. R. 11742 had been voted out of the committee. The proposed action on this amendment, which in effect substitutes H. R. 12328 for H. R. 11742, will give the Authority the power requested and will make it possible for the local governing authorities to receive this payment.

Also the Widnall substitute provides a more liberal program for housing for elderly in the following respects:

First. Section 104 provides special mortgage insurance aids for private housing to be built for elderly persons and specific low-rent public housing provisions to be made available to elderly persons.

Second. The bill permits the required downpayment of a mortgagor 60 years of age or older to be paid or loaned by a third party under such conditions as the Federal Housing Commissioner prescribes.

Third. As to FHA rental housing, the bill would change section 207 program to provide more liberal mortgage multifamily elderly housing sponsored by non-profit organizations.

These are steps in the right direction on a serious problem of making homes and housing for the elderly persons more readily available with emphasis on free enterprise as the vehicle for accomplishing this. It also follows the recommendations of the President.

I have long been concerned about this problem and have consulted with my distinguished colleague, Congressman WIDNALL, on this matter on numerous occasions. I am happy to see he has included these provisions in his substitute.

Title III of the bill strengthens the urban renewal provisions of present law and will make it easier for local planning groups to accomplish meritorious

urban renewal projects. I have in mind proposed projects in Ybor City and other areas in my district where local citizens are preparing to attack this problem.

Mr. HOLLAND. Mr. Chairman, H. R. 11742, the general housing bill reported by the Banking and Currency Committee, is first rate housing legislation in my estimation.

One of the great virtues of the bill is its omnibus characteristic. It recognizes the many different types of housing needs in our country and contains provisions to improve and expand a dozen or more worth-while housing programs.

For example, the bill would attempt to breathe new life in the home building industry by improving the availability of mortgage funds to home buyers and home builders. It would extend and improve the FHA title I home loan improvement program so necessary to the upkeep and modernization of our existing housing inventory. The bill would provide long overdue housing support to elderly families and elderly single persons. It would extend and improve the vital military housing program. It would set up the farm housing loan program under title V of the Housing Act of 1949 on a long-term basis so that farm housing needs can be met. It would provide additional funds for the college housing loan program so that our institutions of higher learning can continue to build urgently needed housing for students and faculty members. The bill would attempt to stimulate much-needed rental housing in urban areas. There are many other important provisions but I cite these few examples to underscore the comprehensive nature of the bill and the support it would give to many areas of housing need.

I would like to address most of my remarks to the most controversial part of the bill, which is of course, the public housing section. For the life of me, I find it difficult to understand why the most urgently needed program is always the most controversial.

Those who know the shocking housing conditions of our city slums at first hand find it hard to comprehend how anyone can oppose a policy designed to correct these conditions and the vicious social evils which these areas breed.

All of us would like to see the private home-building industry, and the private real-estate industry supply decent housing in a decent environment at costs and rentals within the means of our lowest income families. There is no disagreement on that objective. But that is an objective so far unrealized. The blunt fact is that the only way to provide decent sanitary housing to our lowest income groups is through subsidized low-rent public housing. For some reason the word "subsidized" is a scare word. I am not in favor of all forms of subsidy. But I believe with a deep conviction that where a pressing social need exists which cannot be met through private enterprise, the Government must step in and lend a helping hand to local communities. And that is precisely what the low-rent public housing program does.

The public housing sections of H. R. 11742 are must legislation. The 50,000

units a year for a 3-year period, plus 10,000 units a year for a 3-year period for elderly families and single persons, are the absolute minimum which we must have. I would like to see a program of larger scope, but I recognize realistically that we will be lucky to get that many units unless the opponents of public housing should finally repent and see the light.

Now the need for low-rent public housing is a general one for all families in the lowest income groups who cannot afford decent private housing. But there is one phase of public housing need which I think deserves special emphasis. I refer to the public housing units needed in connection with a successful slum clearance program.

Mr. Chairman, I think in this area we find our friends who oppose public housing are on the horns of a dilemma. They are for slum clearance—or at least they pay lipservice to that objective—because they know it would be political suicide to come out and oppose clearance of our terrible slum areas. And yet these same people have the effrontery to oppose a public housing program of the needed magnitude, or indeed of any magnitude. Mr. Speaker, if I have ever seen an instance of hypocritical inconsistency, this is it.

Now everyone knows that when you clear a slum you tear down buildings and dwelling units by the hundreds. There is no mystery about that—that is a simple fact for all to see. Now everyone also knows that the slum clearance laws require by statute that families displaced by slum clearance operations must be rehoused in decent, safe and sanitary accommodations which they can afford.

But what do we find when we examine the income status of the typical family now living in a slum and now being forced in increasing numbers to relocate as a result of slum clearance operations. The facts are incontrovertible. Percentages vary slightly but the simple fact is that at least half of these families have incomes so low that they cannot afford any kind of decent privately owned housing accommodations. If there were no alternative, the only place the people could move is to another slum.

The opponents of public housing can talk until doomsday but they cannot controvert these obvious facts.

Mr. Chairman, there is only one place that these low income families can go and that is into low-rent public housing units. This is the only way that these families can bring up their children in reasonably decent housing in a reasonably decent environment.

And that, Mr. Chairman, is the dilemma in which the public housing opponents find themselves. Sooner or later they will have to stand up and be counted. They cannot be for slum clearance and against public housing because as I have shown, such an opposition is the height of hypocrisy and inconsistency.

I would like the record to be clear that I recognize that a substantial percentage of families displaced by slum clearance operations are fortunate enough income-wise so that they can afford decent pri-



vate housing. I think it should be emphasized, however, that this is not always the case when a family happens to be a minority group. The minority group family may have the income but as we all know often does not have the freedom to live where he chooses.

I favor providing whatever legislative aid is necessary to help rehouse the families whose incomes are above the public housing ceilings. I am happy to say that H. R. 11742 has provisions designed to make the FHA section 221 program actually workable. Section 221 in theory was supposed to provide private sales and rental housing for the relocation of displaced families. But in actual fact it has been almost a complete failure. By making the changes proposed in H. R. 11742, I think we can correct this situation. By permitting no down-payment financing up to 40 years and by increasing the mortgage loan ceilings to more realistic levels, I think we can help many families now living in slum areas to move to decent neighborhoods and start on the road to home ownership. I am wholeheartedly for such a development.

But section 221 housing or any other privately owned housing cannot help our most unfortunate citizens who just do not have sufficient income. We must have public housing and we can never make a dent on clearing our Nation of costly disease-breeding vice-generating slums, unless we have a large-scale public housing program going hand in hand with slum clearance operations.

And we will have such a program, Mr. Chairman, make no mistake about it. The opposition is strong and the fight will be never ending and difficult, but in the end we will prevail. Selfish interests and groups callous and indifferent to grave and pressing social need unfortunately can hold the upper hand over the short run. But in this great country of ours, righteousness and justice ultimately prevail and I am confident that the case for low-rent public housing will be no exception.

Mr. CANFIELD. Mr. Chairman, housing our aging population is a very vital and integral part of a well-planned Government welfare program. This is a fact which must be recognized here today. We must make a determined effort to meet both the economic and the social needs of the growing number of older people in the United States. Recent changes in social-security legislation has been one step in the right direction. Adequate, decent, sanitary, comfortable housing must be the next step in meeting these needs.

As of April 1955 census data indicate that there were 14,018,000 individuals in the United States 65 years or older. In addition, as of that same date there were 33,276,000 individuals between the ages of 45 and 64. The number of persons 65 years and over has been steadily increasing over the past few years and is expected to continue on the upward trend. Income data compiled by Government and private sources indicate that a large percentage of the persons in this 65-or-over age category have incomes of less than \$1,000. These elderly

persons should not be required to live in substandard homes, nor could they be expected to buy or rent commercial homes at a rate equal to half their income.

The Paterson (N. J.) Evening News in a recent United Press story from Washington discusses the problem as follows:

PROVIDING HOMES FOR AGED TOP UNITED STATES HOUSING PROBLEM

(By Robert F. Morison)

WASHINGTON.—Government officials say the problem of housing for the aged is definitely greater than that involved in providing homes for minority groups.

The oldsters are one of the fastest growing segments of the Nation's population. And, with improved health standards, they are to become more and more numerous, experts say.

Recent census bureau estimates set the present number of men and women 65 and over at 14,128,000, up 15.9 percent from 1950. This was the second fastest growing age group in the Nation.

By 1975 there will be more than 20 million persons 65 and older, the estimate shows.

A Government study soon to get underway will try to establish rules for the guidance of those planning housing for the aged.

The Federal Housing Administration, with its many mortgage insuring programs, has a particular stake in the problem. The agency has called on Walter K. Vivrett, professor of architecture at the University of Minnesota and authority on housing for the aged, to make a study aimed at developing building standards to be applied by FHA in its mortgage insuring programs.

FHA has been approached by church, fraternal, and labor groups for advice on building various types of housing for the aged. More requests are expected in the future, even if the current housing bill before Congress does not contain a special program for the aged.

Among the problems in building houses and apartments for aged persons are where and how the bathroom should be located, should there be wider doors than ordinary to admit wheelchairs, should grab bars be located around the house, should there be bathtubs or showers, 1-story houses or 2, small kitchens or no kitchens in the case of multifamily units, should older persons be housed by themselves or nearer to neighborhoods they know, and whether signal bells should be scattered at strategic points around the house or apartment.

Proper precautions have to be taken, but officials stress that if extreme care is not taken too much may be done. "If we pamper them too much we'll make them feel peculiar," the official explained. However, they must have adequate housing and it must be laid out to make them comfortable, and living as easy as possible.

One other danger faces FHA and that is the possibility of extreme specialization.

"We've got to think of the house as an investment," an official said, "and be sure it has a resale value in the event it must be sold to people who might not want such special features as ramps instead of stairs."

Dr. Vivrett is expected to complete his study in about a month. FHA will then work out regulations to guide future mortgage insuring operations where older persons are concerned.

Recently the Federal-State conference on aging met here and urged an expansion of private home building for older persons. To solve the problem of overspecialization, the conference urged installation of needed devices as hand rails. But it called for small homes that would combine features needed for the aging and younger people buying their first home.

Mr. FEIGHAN. Mr. Chairman, those of us who have fought for adequate public housing to meet the urgent needs of families in the lower income brackets are deeply interested in this legislation. A great deal of investigation and study has gone into the preparation of this legislation. Many Members no doubt feel, as do I, that authority should have been provided for a greater number of public housing units, but it is certainly a step forward. I feel it is appropriate in this connection to bring to the attention of Members of the House another housing development taking place outside the United States, but for which the American taxpayers' money is being used. I have been informed by the International Cooperation Administration that Communist Dictator Tito, last December was given permission to use \$4 million of United States counterpart funds to build a lush housing project in Yugoslavia. In addition to that, recently an additional \$13 million was authorized for Dictator Tito's use to construct additional lush housing for the Communist elite of Yugoslavia. All of this is in addition to what Tito has been taking out of the American taxpayers' pockets since 1948, which is already in excess of \$1 billion.

It is a certainty that the housing project in Communist-occupied Yugoslavia for which the American taxpayer is footing the bill, will in no way compare with the public housing projects authorized in the legislation before us today. In the first instance, I am certain that Dictator Tito will build plush quarters for the Communist elite which certainly is not the case for public housing units contemplated for the American people themselves. It is the common practice of the Communist elite to live in the style befitting kings and czars, and in the grandeur of the nobility of the 19th century. Communist boss Tito and his henchmen have demonstrated an unusual ability to acquire all the comforts, luxuries, and grandeurs befitting a Communist czar. We may be certain that the good people of Yugoslavia who are the exploited victims of the Communist occupiers, will receive little or no benefits whatever from those public housing projects.

In the second instance, the public housing programs authorized for the American people contemplate that all the funds made available for the housing will ultimately be returned to the Public Treasury. Most of the housing projects authorized are on a loan basis. The only part the Government does not have repaid is that subsidy on the rental which is provided in order that the low-income bracket families can have decent housing. The so-called housing project in Yugoslavia is on an outright gift basis. Not one penny of the money used for Tito's de luxe housing projects will ever be returned to the pocketbook of the American taxpayer.

The irony of the situation is that the \$17 million of the American taxpayer's money handed over to the dictator Tito represents a sum 2 and possibly 3 times as great as the amount of the taxpayer's money involved in the housing legislation now before us. There has been a great deal of pushing and tugging over this



legislation and the usual amount of give and take in debate. All sides will have had their say—so before this legislation is enacted. Congress has had nothing to say about the \$17 million handed over to Tito for his de luxe housing program.

It is a sad situation when we Members of Congress have to make a hard fight in order to make possible some badly needed housing for the American people while at the same time a ruthless Communist dictator who is dedicated to destroying everything that represents the American ideals, makes us pay for his de luxe housing under circumstances where all we can do is protest after the fact.

Mr. BYRNE of Pennsylvania. Mr. Chairman, we have a choice of two bills on the subject of housing, and since I am anxious to help get as many housing units as possible, I would like to see H. R. 11742 passed by the House. This bill would provide 180,000 public housing units over a 3-year period.

It is vitally necessary to the stable economy of our Nation that the low-rent public housing program be continued. Healthy citizens need a healthy atmosphere. Since 1923 our over-all population has increased by about 50 million. Obviously, housing requirements have increased proportionately, but housing construction, even now, does not appear to make adequate provision for those desperately in need of housing.

New private housing costs are actually prohibitive to a great number of people, and particularly to the people of my district. In Philadelphia alone, an average price for a new home privately constructed is approximately \$11,500, and rental costs start at about \$80 a month in privately owned apartment developments. To many of us, this may not seem unreasonable, but they are really exorbitant to low-income families who are forced by circumstances to exist in old, substandard housing units in which living conditions leave a great deal to be desired.

Many of my constituents are unfortunately compelled to live in crowded dwellings, some of which have none of the sanitary facilities which you and I take for granted. There are no yards or play areas surrounding such places, and therefore our youngsters are forced to find such amusement or diversion as they can along the streets and in the alleys of the city. This kind of diversion is recognized as a major cause of the high crime rate and the high incidence of juvenile delinquency, and we are experiencing our share of that in Philadelphia. Surely we are agreed that such an atmosphere is not conducive to a physically and emotionally stable family life.

Low-rent public housing and slum clearance go hand in hand to contribute to a better America. Along with such work will be the addition of community facilities, the increase of open space, the reduction of overcrowding, and development of stronger citizen participation.

Good housing is almost a guarantee of good citizens, and I am glad to have this opportunity to speak in behalf of it and vote for it.

Mr. DIGGS. Mr. Chairman, this is the first time a housing bill has come

out of a House committee for consideration. All other bills have come out of the Senate and have been passed through conference reports. It represents a historic occasion and I am among those who hope that the House will follow through by giving our Nation at least minimum adequate means to meet the American dilemma in the housing field.

The prominent charge made by opponents to housing measures providing for expansion and improvement in the Government-assisted housing program for the Nation is that the program is socialistic because it puts the Government in the business of paying rent for low-income groups. Yet opponents do not deny, nor do I think anyone can deny, that nationally, adequate housing facilities for low-income families, particularly with reference to minorities and the aged, is one of the major problems for our country.

In Detroit, Mich., including the 1st, 13th, 14th, 15th, 16th, and 17th Congressional Districts, with a population of over 2½ million people, for example, there are a total of 12,081 public housing dwelling units. At the end of last year, by Housing Commission information, there were over 4,000 eligible persons waiting for placement, but for whom no housing was or is available. There were approximately 8,000 applications in total which were unprocessed. Through my own congressional office, I have received numerous letters from constituents who have been waiting for placement—on the eligible list—for as long as 4 years. In Detroit and nationally, it has been established by all the reliable reports we can wish to have that private housing has not been able to meet the needs for better housing, for slum clearance, and elimination of blight areas; that the need for enactment of an adequate Government-assisted program arises specifically from the lack of private housing facilities for people in these low income categories. As the National Housing Conference reports, current house construction is serving the upper income market and the upper half of the middle income market—not the low income groups who pay high rents at the sacrifice of other bare necessities and yet live in ghettos and slum hovels which are health and morale destroying.

The bill which we have before us in H. R. 11742 proposes 50,000 additional dwelling units; the President in his annual message to Congress proposed 35,000 units, yet in 1955, to complete the building program scheduled in the Housing Act of 1949, more than 600,000 low-rent dwellings were required. The total of 810,000 units represented the 1949 attempt of Government to meet the problem of 15 million substandard dwellings reported in the census figures of 1950. In other words, in 6 years when the program was to have been completed, only 199,378 units out of a total of 810,000 had been actually built or underway. Today with national population figures increasing and private housing not able to catch up with them, slum areas are growing. Government has

not taken all the steps at its means to solve this problem. It is my understanding that over a period of years, a bank of authorized housing has been built up, which in the President's discretionary power could give approximately 100,000 dwelling units to the Nation. The fund, however, has not been fully utilized and it is regrettable that the President has not seen fit to push and use this authorization when there does exist a very concrete need to do so, as is evident from the reports of every reliable housing and building agency regardless as to its proposal on how to solve the problem.

In their arguments for private housing, the opponents of public assisted programs have not presented a realistic solution to the housing needs for the people in the category having the problem. If they would be realistic in their approach to this situation, a growing feeling is that an alternative and better solution would be to extend veterans' home loan guaranty provisions so that any eligible citizen may purchase a home on Government guaranty of mortgage. In the field of home purchasing, private financing policies of restriction based upon race have made housing, as it pertains to minority groups, an even more severe problem. The National Association of Home Builders reported in January of this year that there is a backlog of effective demand for housing for Negroes alone, of the minority groups totaling 125,000 units annually. If the Government would stand behind or guarantee home mortgage for the citizen up to the limitations of the veterans' housing program, we would be able to make significant progress in solving our national housing problem.

In the meantime, for the current year, a Congress which is conscientious of national welfare should take action to solve a present problem by voting for passage of at least this minimum number of housing units.

Mr. SPENCE. Mr. Chairman, we have no further requests for time.

Mr. WOLCOTT. Mr. Chairman, I have no further request for time.

The CHAIRMAN. Under the rule the bill is considered as having been read for amendment. No amendments are in order to the bill except it shall be in order for any member of the Committee on Banking and Currency to move to strike out all after the enacting clause of the bill H. R. 11742 and insert as a substitute the text of the bill H. R. 12328, and such substitute shall not be subject to amendment.

Mr. WIDNALL. Mr. Chairman, I offer a motion.

The Clerk read as follows:

Mr. WIDNALL moves to strike out all after the enacting clause of the bill H. R. 11742 and insert as a substitute the text of the bill H. R. 12328.

Mr. WIDNALL. Mr. Chairman, it is my belief that the program embodied in this bill provides the tools with which the housing needs of the country can best be taken care of. It contains provisions of importance with respect to modernization and repair of property. A continuance of that program is urgently needed.



It improves the present program by raising the amount that may be borrowed from \$2,500 to \$3,500; by extending the term of the loan from 3 to 5 years; by making it possible for the Commissioner to waive 6 months of occupancy presently required under the law.

This is a clause in the housing bill that is practically the same in the Spence bill and in the Senate bill. It is urgently needed that we extend the college housing program. There is an additional authorization for \$250 million in new college housing and for college facilities. Applications are coming in at the rate of \$20 million a month for that program. It includes provision for low-cost housing for displaced persons which has not previously been discussed. It provides a better approach toward slum clearance and urgently needed public housing to be put on a sound and workable basis; a continuance of the new military housing program, and it provides for the disposition of defense housing built under the Lanham Act. It also provides for the acquisition of Wherry Act housing and for a continuance and liberalization of the farm housing program under title V of the 1949 act.

Mr. Chairman, I believe there is much that will improve the existing housing program in this bill. It provides something that we all can join together and vote for, because it has in it the best from all three bills. I urge the adoption of my amendment.

Mr. LANHAM. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and nine Members are present, a quorum.

Mr. RAINS. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, I assume this is what you call a short horse, 5 minutes on each side. However, on the other hand, I assume that everybody has made up his mind as to how he is going to vote. But, in order for the RECORD to be crystal clear, I want to repeat one or two things I said in my opening statement this morning. The truly vital things that are not in the Widnall bill—and I am not condemning all the elements of the Widnall bill, as I said this morning; they are in the main the provisions which were adopted by the Committee on Banking and Currency. But, the provisions that are left out, and they are urgent and important, are, first of all, the real true helps for housing for the elderly. We had people who came before the committee, representatives of many religious and patriotic organizations who asked that we insert a section in this bill patterned after the college housing program which provided for the building of dormitories for the children, so that the old people could have adequate housing. I am perfectly frank to say that if we are to spend any money of the Government's—and the major portion of this program would not be paid for out of the Federal Treasury, though some of it would to begin with—but if we are willing to spend money for college dormitories, for eating places in colleges, I think we

ought to do something for the old folks of America. That is my honest opinion.

As I said this morning, if we do not do it in this bill, we may not be compelled to, but we will be anxious one of these days to have such a bill, because those people are getting to be a great segment of the population and we are not giving them the attention we should.

Let me say one other thing. Away from the metropolitan centers of this country a GI cannot get money for a mortgage loan. It is of no advantage to him to have a continuation of the GI home loan program, because he cannot get mortgage money unless he pays fabulous prices for discounts.

We earmark in the committee bill \$500 million—none of it the Government's money, but the GI's money in the national service life insurance fund—and we give the insurance fund not 3 percent but 4½ percent investment, so that some of this money can flow out into these areas away from the big cities, so that the GI's of this country may have a chance to own a home. That is good, intelligent commonsense, I am quite sure.

In addition to that, no matter what the administration may say or anyone else may say, we need more than 35,000 units of public housing even to begin to meet the need. If you were to limit it—and I may say that I am proud that the Widnall bill does not do that—but if you were to limit it to those persons displaced by governmental action only, and let us remember the big highway program and how many people are going to be uprooted because of that, and also of other governmental actions in the big cities, then where will the needy come in?

So I say that the public-housing features in the bill are too small. The bill that came from the other body provided for 135,000 units. The Committee on Banking and Currency realized that it would be impossible to pass any such program as that through the House of Representatives. But we would like to be reasonable. We said 50,000 units and then 10,000 additional earmarked as housing for the elderly.

So, as I say, those are the three outstanding faults with the Widnall bill.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Indiana.

Mr. HALLECK. I must say that I am a little surprised at the gentleman's opposition to this substitute. I recognize his right to oppose it, but I had thought that we had worked out a compromise that we could be for. In any event, let me say to the gentleman that I am quite sure that if this substitute is not adopted the committee bill will be defeated and we will not have any housing bill at all. Would the gentleman want that to happen?

Mr. RAINS. No; the gentleman knows that I had no agreement not to support the committee bill. No such agreement was ever made by me. I am not condemning the Widnall bill in toto, but I am only mentioning those provisions that were in the other bill that were left out of the Widnall bill.

Mr. HALLECK. But as a practical matter—and I do not know what is going to happen on this vote; there may be some Members of the House who do not want any bill at all—we have got to be very careful that we do not wind up without any bill at all. I think that point ought to be made very clear. The Widnall substitute represents a great deal of work that has been done to get a housing bill.

Mr. RAINS. That is correct.

Mr. HALLECK. And to keep this great housing operation going.

Mr. RAINS. Mr. Chairman, I want to say one thing. I do not want to see us without any housing bill. I want to make that clear. We need a housing bill.

Mr. HALLECK. We are about to decide that now.

Mr. RAINS. But I would rather have the committee bill.

Mr. McCORMACK. Will the gentleman yield for a question?

Mr. RAINS. I will certainly yield to the distinguished majority leader for a question.

Mr. McCORMACK. It has been brought to my attention that one of the problems in getting the redevelopment housing program going under section 220 has been the variations from project to project in the allowance which the FHA grants for builder's profit. Does this bill do anything to correct this situation?

Mr. RAINS. It certainly does. The situation to which the gentleman refers was brought to our attention during the housing study conducted by our Subcommittee on Housing. Our report on slum clearance and urban renewal pointed out that the FHA has taken an overly conservative position in the matter of the allowance for builder's and sponsor's services profit and risk. The FHA adopted a sliding scale approach under which allowances varied from perhaps 5 to 9 percent from project to project. This approach has not operated to facilitate the construction of redevelopment housing on cleared slum sites under the section 220 program. To correct this situation, the committee bill establishes a uniform approach, providing that the allowance for builder's and sponsor's services, profit and risk shall be a uniform 10 percent of all project costs except land, unless the FHA certifies that 10 percent is unreasonable and by regulation prescribes a lesser uniform percentage to be applicable for all projects and all sponsors. The FHA can reduce the allowance set by the Congress to 9 percent or 8 percent or any other lesser uniform percentage. There is no opportunity to give any project or any sponsor specially favorable treatment, because the allowance is exactly the same for everybody. The substitute bill includes this same uniform approach. There is no difference between the two bills on this matter.

Mr. ROBERTS. Mr. Chairman, I could not fail to point out that Alabama is indeed fortunate and proud to have as the spokesman for housing, and the chairman of the Subcommittee on Housing of the Committee on Banking and Currency, one of her own native sons



who is carrying on in the fine tradition and manner of the illustrious Congressman HENRY STEGALL, who did so much, together with the late Senator Robert Wagner, of New York, and Senator Robert A. Taft, of Ohio, to provide better homes for the people of this great Nation.

This year marks the 20th anniversary of the birth of low-rent public housing contained in the United States Housing Act of 1937 and I am happy in the knowledge that the bill before us will do much to improve the lot of many of our people who have not been fortunate enough to have homes that are decent and conducive to the upbringing of our most precious asset—children of today who will be the citizens of tomorrow. We must remember too that housing is not simply for those who are unable to pay for homes, but affects those who have arrived at the point of paying for a home and those who wish to repair and maintain homes which they already own.

The Government should step up its public housing, still desperately needed by many of our citizens. The Government should act to liberalize the secondary mortgage market; to improve its rural housing program, to step up the slum-clearance and urban-renewal programs, and to liberalize the home repair loan provision of FHA title I. The Government should act to help the farmer with his housing needs. It is upon these topics which I wish to speak briefly.

I also regret that the provision originated and sponsored by the gentleman from Alabama [Mr. RAINS] which would provide that the fund accumulated in the National Service Life Insurance Section of the Veterans' Administration will not be made available for veterans' housing. This is a most necessary provision and would, in my opinion, liberalize the mortgage market and enable veterans to obtain loans at a lower rate of interest. This money should be put to work for those whose premiums have made it possible and I also predict that the next Congress will take action to carry out recommendations on this matter contained in section 302 of the Spence bill.

It is not so long ago but what I can recall the sound of President Roosevelt's resonant voice as he said, "I see one-third of a nation ill-housed, ill-clad, ill-nourished." And though we have traveled a long way in housing our Nation since the dark, oppressive days of the depression, it would be callous disregard of present housing needs were we to think the task completed. We still face a housing shortage and this shortage may become a crisis if we do not begin to plan, act, and build now. Part of the demand for housing is resulting from our constantly increasing population. We also suffer from a need for more housing for low-income families, more housing for middle-income families, and more housing for elderly people. Although we are constructing houses at a high rate, most of them are being built for higher-income families while more and more houses are sinking into the substandard class inhabited by persons unable to purchase new high-priced homes.

The Government should act to encourage the construction of new housing

for the middle-income group and for elderly persons.

It is with sincere regret that the bill which will probably be adopted—the Widnall bill, H. R. 12328, does not contain any provision that will provide housing for our old people. I believe this is a sad mistake and I predict that in time these worthy citizens will demand and get adequate legislation to supply their needs.

There is a critical nationwide need for public housing. The 1950 census showed there were 15 million substandard dwellings in use. Only an adequate public-housing program, coupled with a less-restricted slum-clearance and urban-renewal program, can help eliminate this situation. If we do not act, we must resign ourselves to seeing many of tomorrow's citizens reared in urban jungles and unhealthy, vice-ridden alleys. Available statistics prove that public housing more than pays its way. A survey of 317 families in Columbus, Ohio, showed that private slums paying full taxes actually yielded less revenue than tax-exempt public housing paying the municipality 10 percent of its net rentals. And it should not be forgotten that the indirect costs of slums are a heavy drain on city treasuries, community chests, and on community well-being. Slums breed crime, delinquency, disease, fire, and social unrest, heavy debts for any community to bear.

The existence of 15 million substandard dwellings is, in my opinion, prima facie evidence that this problem cannot and will not be met by private enterprise. I do not feel that public housing is in competition with decent private housing. Families eligible for public housing are in the lowest income group, well below those for whom private enterprise provides decent dwellings.

Within my own Fourth Congressional District we now have over 1,600 public-housing units. There are also many cities in my district which are desirous of having public housing. It is my understanding that there are already pending at the national housing agency applications for 35,000 units. It is therefore evident that Congress will have to approve more units than the small sum requested in the administration's housing bill, and also that Congress will have to follow through and see that what Congress approves becomes a reality and does not wither away, if we want results.

I am aware that the chairman of this subcommittee has introduced legislation which would provide for 50,000 public-housing units annually for 3 years. At this time I would like to state my approval of this low-rent housing provision and also of the provisions for slum clearance and urban renewal. It is only through the use of both public housing and slum-clearance and urban-renewal programs that this portion of the housing problem can be eventually solved.

A man who is frequently forgotten or abused by the present Republican administration is the farmer, so it is not surprising that his housing needs have also been ignored by the administration. The farmer's needs have already been well covered here this morning. I would just like to state that I believe that it is

the present administration of the Farmers' Home Administration which has failed to help the farmers, not the program adopted by Congress. It does not seem reasonable to me for the Farmers' Home Administration to approve only one-fourteenth of all the applications received from Alabama, only one-twelfth of all the applications received nationwide. Over 52,000 applications were received last year while only 1,456 direct loans were made and 2,909 insured commitments were made. Congress intended more than this for the farmer should be given and as the country expands and grows, this subject will become more vital. More attention and study must be given to the impact played by community facilities in the development of new land for housing purposes. Undoubtedly these community facilities will be an increasingly important portion of the cost in the price of new homes. The price of land and the completed lot has risen more in the 5 years than any other factor in the house price. We must be careful that this hidden cost does not place housing beyond the price reach of the mass market in the future. The solution to this problem of community facilities—sewers, water, and roads—may not lie in more direct Federal aid, I do not know, but certain the future welfare and the growth of the Nation makes it imperative that the Federal Government give community facilities its foremost attention.

In conclusion, I believe that a good job has been done by the Rains subcommittee and that the value of its work is apparent to all who are familiar with this problem. Again I wish to compliment the gentleman from Alabama, the members of the subcommittee and the entire Committee on Banking and Currency for the fine work which has been done in the field of housing as this vitally important to the health and well-being of all of our citizens. The Nation has indeed profited from your labors.

The CHAIRMAN. The time of the gentleman from Alabama has expired. All time on the motion has expired.

The question is on the motion offered by the gentleman from New Jersey to substitute the provisions of H. R. 12328 for the provisions of H. R. 11742.

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 115, noes 24.

So the amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. EDMONDSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes, pursuant to House Resolution No. 618, he reported the bill back to the House with an amendment reported by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.



The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

#### GENERAL LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the rule and on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

#### AMENDMENT OF INTERNATIONAL WHEAT AGREEMENT ACT OF 1949

Mr. SPENCE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 4221) to amend the International Wheat Agreement Act of 1949.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That section 2 of the International Wheat Agreement Act of 1949, as amended, is amended by inserting before the parenthesis at the end of the first sentence thereof the following: "and the agreement (International Wheat Agreement, 1956) further revising and renewing the International Wheat Agreement for a period ending July 31, 1959, signed by Argentina, Australia, Canada, France, Sweden, the United States, and certain wheat-importing countries."

Sec. 2. Reference in any law to the International Wheat Agreement of 1949 shall be deemed to include the agreement (International Wheat Agreement, 1956) revising and renewing the International Wheat Agreement for a period ending July 31, 1959.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### PROHIBITING ALCOHOLIC BEVERAGES ON AIRPLANES

Mr. COLMER. Mr. Speaker, I call up the resolution (H. Res. 558) to amend section 610 of the Civil Aeronautics Act of 1938 to prohibit the serving of alcoholic beverages to airline passengers while in flight, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved,* That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8000) to amend section 610 of the Civil Aeronautics Act of 1938 to prohibit the serving of alcoholic beverages to airline passengers while in flight. After general debate, which shall

be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommend.

Mr. COLMER. Mr. Speaker, I yield 30 minutes to the gentleman from Oregon [Mr. ELLSWORTH], and pending that I yield myself such time as I may use.

Mr. Speaker, this is a very simple resolution.

House Resolution 558 makes in order the consideration of H. R. 8000, to amend section 610 of the Civil Aeronautics Act of 1938. The resolution provides for an open rule and 1 hour of general debate.

The bill provides that domestic airlines shall not sell or serve alcoholic beverages, including wine and beer, while in flight between points within the limits of the 48 States and the District of Columbia.

The purpose of this is to prevent any danger from arising as a result of the consumption of liquor by passengers and to prevent other unnecessary annoyances which might result from excessive drinking while in flight.

The bill was introduced as a result of appeals made by the Airline Pilots Association and the Airline Steward and Stewardesses Association after efforts to obtain relief by industry regulation failed.

Mr. ELLSWORTH. Mr. Speaker, there is no objection on this side to the adoption of the rule. I think the bill is a very good one, and one that should be passed by the House.

I have no further requests for time on this side, and I yield back the balance of my time.

Mr. COLMER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. HARRIS. Mr. Speaker, I move that the House resolve itself in the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8000) to amend section 610 of the Civil Aeronautics Act of 1938 to prohibit the serving of alcoholic beverages to airline passengers while in flight.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 8000, with Mr. DAVIS of Tennessee in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas [Mr. HARRIS] will be recognized for 30 minutes, and the gentleman from Iowa [Mr. DOLLIVER] will be recognized for 30 minutes.

The gentleman from Arkansas is recognized.

Mr. HARRIS. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this bill sponsored by our esteemed colleague and member of the committee, Mr. JOHN BELL WILLIAMS, of Mississippi, would amend section 610 of the Civil Aeronautics Act of 1938 to prohibit the serving of alcoholic beverages to airline passengers while in flight.

Really and truly that is all it is, and the bill is just that, simple.

This is a short bill and provides simply that air carriers shall not sell or otherwise furnish passengers alcoholic beverages for consumption while in flight between points in the 48 States and the District of Columbia.

The bill has no other purpose than to promote safety in flight. During hearings on the bill, airline pilots and a representative of the Airline Stewards and Stewardesses Association cited several cases of intoxication on the part of passengers which constituted a definite hazard to safety.

This is something in which we cannot afford to take chances. The bill should be passed.

(Mr. HARRIS asked and was given permission to revise and extend his remarks.)

Mr. HARRIS. Mr. Chairman, I ask unanimous consent that all Members may have permission to extend their remarks at this point in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DIXON. Mr. Chairman, I rise in support of H. R. 8000, a bill to prevent the serving of alcoholic beverages to airline passengers while in flight. The bill is in every way defensible for reasons as follows:

First. The pilots who are charged with the duty of preventing passengers under the influence of alcohol from boarding the plane are now powerless to enforce this regulation because passengers say, "How can you prevent us from boarding a plane when you serve drinks on the plane?"

Second. H. R. 8000 had its origin in the appeals of the pilots' and stewardesses' association. They say:

A multitude of socially undesirable incidents which have occurred since the liquor service was instituted, as well as the risk of a possible accident resulting from an inebriated passenger has justification for this bill.

Third. A testimony from the pilots and stewardesses in charge of the plane should be heard above all other testimonies. They know their business, and their lives are at stake as much as the passengers' lives are in danger. The airlines definitely should be more sensitive to the warnings of the experts in charge of their planes.

Fourth. One cannot blame the stewardesses for objecting to act as bar maids.

Fifth. Since the bill was formulated and the legislation was pending in the House, six of the largest companies have now gotten together and agree to dispense with the serving of alcoholic beverages while in flight. Strong action



by the Congress, as I am sure will be received in the House, will fortify the agreement of the airlines. Opposition to or defeat of the measure on the floor of the House would more than likely encourage the airlines to go back to the practice of serving alcoholic beverages.

Sixth. Liquor service on the planes is becoming so demanding that it seriously interferes with the serving of the meals and tends to make meals the secondary consideration.

Seventh. If liquor is served on the planes, there is far greater temptation for the pilots and crew to imbibe than would be if no liquor was served.

Mr. Chairman, this is in every way a worthy measure and deserves the unanimous support of the House membership.

Mrs. BLITCH. Mr. Chairman, I believe the following letter which I recently wrote to the president of the Air Transport Association and the letter which I received from him which I also include at this point with a copy of the proposed agreement with the CAA will express my feelings about this bill better than anything else I could say here. Mr. Chairman, I urge the House to pass this bill.

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., July 21, 1956.

Mr. S. G. TIPTON,  
President, Air Transport Association,  
Washington, D. C.

DEAR MR. TIPTON: Thank you for your letter of July 16 enclosing a copy of the Standard Practice Agreement between the airline companies with regard to serving alcoholic beverages on board their aircraft.

As a frequent air traveler, I am acutely aware of the danger of serving alcoholic beverages aboard planes. It is my belief that the proposed agreement would be worse than the present situation because it would have in effect the stamp of official approval.

Air travel is a boon to our age and I boost it and support it every way that I can. The stand the airlines are taking concerning alcoholic beverages is to my mind most inconsistent with the expressed and demonstrated desire of the airlines to make air travel safe, comfortable and efficient.

The position of hostess is one that until the past year or so I felt was equal to that of most any profession a young woman could enter. With the increased drinking on planes—and it is continually growing worse—the standing of the profession of these women has certainly suffered.

Because of the very honest opinions I have expressed to you, I wish to inform you that I am immediately filing a protest to your proposed agreement with the Civil Aeronautics Board. I am calling on the CAB to lend its support to complete prohibition of all alcoholic beverages on planes, and I am urging the majority leader of the House of Representatives to call up the pending bill for passage.

Your letter to me, the proposed agreement and my response are also being entered into the Appendix of the CONGRESSIONAL RECORD. I hope that my strong feeling on this matter will not deter you from calling upon me at any time I can be helpful to the cause of aviation.

Sincerely yours,

IRIS BLITCH,  
Member of Congress.

(Copy to all members Interstate and Foreign Commerce Committee.)

AIR TRANSPORT ASSOCIATION,  
Washington, D. C., July 16, 1956.  
Hon. IRIS F. BLITCH,  
House of Representatives,  
Washington, D. C.

MY DEAR MRS. BLITCH: Attached is an agreement which has been entered into between American Airlines, Inc.; Eastern Air Lines, Inc.; National Airlines, Inc.; Northwest Airlines, Inc.; Trans World Airlines, Inc.; and United Air Lines, Inc., which regulates the service of alcoholic beverages (not including beer or wine) on board their aircraft. Its terms are self-explanatory. As you will note, it is subject to the approval of the Civil Aeronautics Board, as required by section 412 of the Civil Aeronautics Act of 1938.

Our surveys indicate that over 80 percent of our passengers enjoy and approve the service of alcoholic beverages by the airlines. This being the case, it has seemed to us that a complete prohibition of the service was unwise, since it interfered unreasonably with the desires of a large majority of our passengers, and that such a prohibition would only be justified if it resulted in positive harm.

We have no evidence that alcoholic beverage service interferes with safety or unreasonably impairs the comfort or enjoyment of a minority of our passengers who do not care to drink, so long as the service is conducted in moderation, with dignity and with due concern for the comfort and convenience of all passengers aboard these airplanes.

It is the purpose of this agreement to assume this middle ground between strict prohibition, which would surely encourage surreptitious drinking on board aircraft, and completely unlimited service, which might, on occasion, be harmful. The standards of service laid down in this agreement do not alter substantially the practices which each airline had already established for itself, and will assure the maintenance of such practices.

Yours very truly,

S. G. TIPTON,  
President.

#### STANDARD PRACTICE AGREEMENT

JUNE 27, 1956.

It is recognized that the determination whether to serve alcoholic beverages aboard air carrier aircraft is one which must be made by the individual carriers, with due regard to applicable laws and regulations and their responsibilities as public-service enterprises. However, in the opinion of the undersigned it is desirable in the public interest to establish a standard practice with regard to such service. Therefore, it is agreed that:

1. For the purposes of this agreement, the term "alcoholic beverage" includes any form of distilled spirits, but does not include beer or wine.
2. None of the parties hereto will, in its advertising or other promotional efforts, emphasize the availability of alcoholic-beverage service aboard any of its flights.
3. Each party hereto will continue its policy of not encouraging the consumption of alcoholic beverages by its customers.
4. None of the parties hereto will serve more than two drinks, each of which shall contain no more than 1.6 ounces (the standard miniature bottle) of any alcoholic beverage, to any one customer.
5. Each party hereto will continue to refuse to serve alcoholic beverages to any person when it has reason to believe that such service will result in such person's becoming objectionable to other passengers.
6. This agreement shall apply to all flights operated by any party hereto between points in the continental United States.
7. This agreement may be executed in separate counterparts, all of which shall con-

stitute a single instrument, and shall become effective when executed by all of the air carriers, operating domestically, serving alcoholic beverages (as defined herein), and when approved by the Civil Aeronautics Board pursuant to section 412 of the Civil Aeronautics Act of 1938, as amended. This agreement shall remain in force indefinitely, subject to the right of any party hereto to withdraw therefrom upon 6 months' prior written notice to each other party hereto.

C. W. Jacob, American Airlines, Inc.;  
T. F. Armstrong, Eastern Air Lines, Inc.;  
A. G. Hardy, National Airlines, Inc.;  
Donald W. Nyrop, Northwest Airlines, Inc.;  
Warren L. Pierson, Trans World Airlines, Inc.;  
R. W. Ireland, United Air Lines, Inc.

Mr. JOHNSON of California. Mr. Chairman, I am heartily in favor of the bill, H. R. 8000 introduced by Mr. WILLIAMS of Mississippi, and also endorsed very heartily by the members of the Interstate and Foreign Commerce Committee.

I have flown a great many airplanes in my day, starting in 1917 and coming right down to the present moment in our country and in various parts of the world. I think I do know that intoxicating liquor and flying do not mix. I certainly wish to commend Mr. WILLIAMS for his very sensible and convincing argument, and I think I may appropriately say that of all the persons in the House of Representatives, he is the one who should have and did introduce such a bill. He knows that flying is dangerous.

I have been on planes in which the stewardesses spent a great deal of time serving liquor to passengers on the plane. No intoxicated person is theoretically now permitted to board a plane, but the rule is unenforceable. We should give our pilots and stewardesses every opportunity to be at their best when the plane is in flight and they should not be obstructed in their important and serious duties by having to take out time to serve passengers who may want something to drink that is intoxicating. Many persons will wonder why I am so heartily in favor of this bill, when I am the man in Congress who has told them about wine, some kinds of which are intoxicating. I merely talk for wine because wine is the end product of the grape and it is really a beverage rather than a liquor.

I yield back the balance of my time.

Mr. REES of Kansas. Mr. Chairman, I wholeheartedly support this legislation. It should have been approved long ago. The bill is similar to a number of other bills pending before the House, including one by my colleague from Kansas the Honorable WINT SMITH. This bill should be passed without opposition. It ought to be approved as a safety measure. Furthermore, it ought to be approved as a matter of right, common sense, and decency. Why should people riding on planes be served with liquor. It seems strange that they would even insist on it when they are only on the plane at most for a period of a few hours. As I said a moment ago, it is important that the legislation be approved as a safety measure. No one knows this bet-



# AMENDMENT OF CERTAIN ADMINISTRATIVE PROVISIONS OF TARIFF ACT OF 1930—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, I believe that the Senator from Virginia [Mr. BYRD] has a conference report on the customs simplification bill, House bill 6040. I ask that the report be submitted, so it may be considered by the Senate.

Mr. BYRD. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6040) to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 21, 1956, p. 12654, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. BYRD. Mr. President, the Senate receded on only 1 amendment, and the House receded on 12. So the conference report is practically the bill as it was passed by the Senate. It is a unanimous report by the conferees.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

# AMENDMENT OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954—CONFERENCE REPORT

Mr. ELLENDER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3903) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, so as to increase the amount authorized to be appropriated for purposes of title I of the act, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 24, 1956, pp. 13056-13057, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. ELLENDER. Mr. President, the conferees agreed unanimously on the provisions of the conference report. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an explanation of the differences between S. 3903 as passed by the Senate and the conference substitute therefor.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

## DIFFERENCES BETWEEN S. 3903 AS PASSED BY THE SENATE AND THE CONFERENCE SUBSTITUTE THEREFOR

1. The provision of S. 3903 (sec. 2) providing for the use of foreign currencies generated under title I for American schools, libraries, and community centers abroad has been modified in technical respects (1) to conform to changes made in Public Law 480 by the Mutual Security Act of 1956 and (2) to meet parliamentary objections in the House. No change in substance was made in this provision.

2. The Senate bill would have modified section 304 of Public Law 480 so as to restrict it to title I transactions and permit barter with Iron Curtain satellites. The House amendment would have modified it to make it clear that barter with such countries is prohibited. The conference substitute omits both the House and Senate provisions and leaves the law unchanged.

3. The conference substitute extends the famine and urgent relief provisions of title II to provide assistance in meeting extraordinary relief requirements, such as those for refugee relief, which may be extraordinary although no longer urgent.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

## CREDIT FACILITIES AVAILABLE TO FARMERS—CONFERENCE REPORT

Mr. ELLENDER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 21, 1956, pp. 12657-12658, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. ELLENDER. Mr. President, the conferees were unanimous in their decision. I ask unanimous consent to have printed in the RECORD at this point an explanation of the differences between the conference substitute and the Senate amendment to House bill 11544.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

## DIFFERENCES BETWEEN THE CONFERENCE SUBSTITUTE AND THE SENATE AMENDMENT TO H. R. 11544

1. The House bill and the Senate amendment contained language restricting farm ownership and operating loans on less than family-size farms to bona fide farmers, but defined bona fide farmers somewhat differently.

The conference substitute generally follows the House bill in this respect, but substitutes historical residence on a farm and historical dependence on farm income for dependence during 1 of the last 10 years on farm income.

2. The Senate amendment would have limited farm ownership refinancing loans on less than family-size farms to loans to refinance indebtedness constituting a lien on the farm. The conference substitute would permit such loans to refinance indebtedness incurred for any agricultural purpose.

3. The Senate amendment would have prohibited farm ownership or operating loans to borrowers able to obtain loans from other sources at "reasonable rates." The conference substitute leaves the existing law unchanged. Existing law prohibits such loans if obtainable elsewhere at prevailing rates but not in excess of 5 percent. The conferees felt the existing law to be adequate to assure that such loans will be restricted to other than the well-to-do farmers.

4. The Senate amendment would have permitted loans to be made on family-size farms having a value in excess of the average value of efficient family-size farms in the community. The conference substitute would permit improvement loans to be made for such farms, but not acquisition or enlargement loans.

5. The conference substitute would extend the economic emergency loan authority of Public Law 727, 83d Congress for 2 years and increase the overall limitation on such authority to \$65 million. The Senate amendment contained no similar provision, the Senate having previously passed S. 3559, to provide for a similar extension and to increase the limitation to \$50 million.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

# AMENDMENT OF WATERSHED PROTECTION AND FLOOD PREVENTION ACT—CONFERENCE REPORT

Mr. KERR. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 8750) to amend the Watershed Protection and Flood Prevention Act. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 24, 1956, pp. 13055-13056, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. KNOWLAND. Mr. President, was the conference report signed by all the conferees?

Mr. KERR. It was. I will say to the Senator from California that the provisions agreed upon in conference were substantially in line with the spirit of the bill as passed by the Senate.

There were three principal changes. First, the Senate bill had provided that in certain instances plans should be submitted to the Public Works Committees of the House and Senate. In the bill as



passed by the House, it was provided that the plans be referred to the Agriculture Committees of the House and Senate.

It was agreed in conference—and certain specifications were agreed upon—that when the plan was predominantly a flood control plan, it be referred to the Public Works Committee, and when it was predominantly an agricultural plan, it be referred to the Agriculture Committees.

An effort was made to make especially clear the intent of the language as provided by the Senate, which permitted the local organization to have the optional right of employing engineering services in connection with plans for development. Where the structure for the impounding of water exceeded 5,000 acre-feet—in other words, when it became a structure which involved a considerable part of the program in the matter of conservation of water for municipal water supplies or irrigation—the privilege of employing local engineering services was made optional.

The other point, as I recall, was to clarify the language in the bill which specified that help was available to the local organization from the Secretary of Agriculture, in the preparation of specifications for the plan. The employment of necessary assistance in preparing advertisements for bids and entering into contracts for carrying out the structure as planned, was provided for.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. AIKEN. Mr. President, let me say for the RECORD that both the Department of Agriculture and the Bureau of the Budget are opposed to this bill, although it was not generally known at the time it was passed by the Senate last Saturday morning.

Yesterday I had inserted in the RECORD, at page 12967, correspondence from these two agencies of the Government, setting forth their opposition to the bill.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

#### EXTENSION OF TIME WITHIN WHICH AWARDS OF CERTAIN MILITARY AND NAVAL DECORATIONS MAY BE MADE—CONFERENCE REPORT

Mr. STENNIS. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1637) to extend the time limit within which awards of certain military and naval decorations may be made. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. STENNIS. Mr. President, the conference report is signed by all the conferees on the part of the Senate and the House.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

#### IMPROVEMENT OF HOUSING AND CONSERVATION AND DEVELOPMENT OF URBAN COMMUNITIES

Mr. FULBRIGHT. Mr. President, I ask that the Chair lay before the Senate a hand engrossed copy of House bill 11742, which has just come over from the House of Representatives.

The PRESIDING OFFICER. The Chair lays before the Senate a bill coming over from the House of Representatives.

The bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes, was read twice by its title.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. FULBRIGHT. Mr. President, I offer an amendment in the nature of a substitute. I ask that the amendment be printed in the RECORD at this point without reading.

The PRESIDING OFFICER. Without objection, the amendment may be printed in the RECORD at this point without reading.

The amendment offered by Mr. FULBRIGHT, in the nature of a substitute, was to strike out all after the enacting clause and insert:

*Be it enacted, etc., That this act may be cited as the "Housing Amendments of 1956."*

#### TITLE I—FHA INSURANCE PROGRAMS PROPERTY IMPROVEMENT LOANS

SEC. 101. (a) Section 2 (a) of the National Housing Act, as amended, is hereby amended by striking out "September 30, 1956," and inserting in lieu thereof "September 30, 1959."

(b) Section 2 (b) of such act, as amended, is amended by—

(1) striking out "made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds \$2,500, or for the purpose of financing the construction of new structures exceeds \$3,000" and inserting "exceeds \$3,500";

(2) striking out "except that" in clause (2) and inserting "except that the Commissioner may increase such maximum limitation to 5 years and 32 days if he determines such increase to be in the public interest after giving consideration to the general effect of such increase upon borrowers, the building industry, and the general economy, and"; and

(3) striking out the first proviso and inserting in lieu thereof the following: "Provided, That no insurance shall be granted under this section (A) in the case of any obligation in a principal amount of \$2,500 or less, representing any loan, advance of credit, or purchase made after the effective date of the Housing Amendments of 1956, if such obligation has a financing charge in excess of an amount equivalent to \$5 discount per \$100 original face amount of a 1-year note to be paid in equal monthly installments calculated from the date of the note, or (B) in the case of any such obligation in a

principal amount in excess of \$2,500, if such obligation has a financing charge in excess of (i) an amount equivalent to \$5 discount per \$100 original face amount of a 1-year note to be paid in equal monthly installments calculated from the date of the note, with respect to that part of the principal amount not in excess of \$2,500, and (ii) an amount equivalent to \$4 discount per \$100 original face amount of a 1-year note to be paid in equal monthly installments calculated from the date of the note, with respect to that part of the principal amount which is in excess of \$2,500: *Provided further,* That such charges correctly based on tables of calculations issued by the Commissioner, or adjusted to eliminate minor errors in computations in accordance with requirements of the Commissioner, shall be deemed to comply with the preceding proviso: *And provided further,* That insurance may be granted to any such financial institution with respect to any obligation not in excess of \$15,000 (nor an average amount of \$2,500 per family unit), having a maturity not in excess of 7 years and 32 days, representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families."

#### HAZARD INSURANCE ON FHA ACQUIRED PROPERTIES

SEC. 102. Title I of the National Housing Act, as amended, is hereby amended by adding at the end thereof the following new section:

"SEC. 10. Notwithstanding any other provision of law, the Commissioner is hereby authorized to establish a Fire and Hazard Loss Fund which shall be available to provide such fire and hazard risk coverage as the Commissioner, in his discretion, may determine to be appropriate with respect to real property acquired and held by him under the provisions of this act. For the purpose of operating such fund, the Commissioner is authorized in the name of the fund to transfer moneys and require payment of premiums or charges from any one or more of the several insurance funds established by this act and from the account established pursuant to section 2 (f) of this act, in such amounts and in such manner, including any repayments of such moneys, as the Commissioner, in his discretion, shall determine. In carrying out the authority created by this section, the Commissioner and the Fire and Hazard Loss Fund shall be exempt from all taxation, assessments, levies, or license fees now or hereafter imposed by the United States, by any Territory or possession thereof, or by any State, county, municipality, or local taxing authority. Moneys in the Fire and Hazard Loss Fund not needed for current operations of the fund shall be deposited with the Treasurer of the United States to the credit of the fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States or in bonds or other obligations which are lawful investments for fiduciary, trust, and public funds of the United States.

"Notwithstanding the provisions of this section, the Commissioner is authorized to purchase such other insurance protection as he may, in his discretion, determine, and he may further provide for reinsurance of any risk assumed by the Fire and Hazard Loss Fund."

#### COOPERATIVE HOUSING INSURANCE

SEC. 103. Section 213 (b) (2) of the National Housing Act, as amended, is amended by—

(1) striking out "65 percent" and inserting in lieu thereof "50 percent"; and

(2) amending the last proviso to read as follows: "And provided further, That for the purposes of this section the word 'veteran'



shall mean a person who has served in the active military or naval service of the United States at any time on or after April 6, 1917, and prior to November 12, 1918, or on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to February 1, 1955."

#### GENERAL MORTGAGE INSURANCE AUTHORIZATION

SEC. 104. Section 217 of the National Housing Act, as amended, is amended by—

- (1) striking out "July 1, 1955" in the first sentence and inserting "July 1, 1956";
- (2) striking out "\$4,000,000,000" in the first sentence and inserting "\$3,000,000,000"; and
- (3) striking out "section 2" in the first and second sentences and inserting "section 2 and section 803."

#### HOUSING IN URBAN RENEWAL AREAS

SEC. 105. Paragraph (iii) of section 220 (d) (3) (B) of the National Housing Act, as amended, is amended by striking out in the first proviso thereof all that follows "construction and design" and inserting in lieu thereof a colon and the following: "Provided further, That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed \$1,000 per room or per family unit, as the case may be, in any geographical area where he finds that cost levels so require."

#### LOW-COST HOUSING FOR DISPLACED FAMILIES

SEC. 106. Section 221 (d) of the National Housing Act, as amended, is amended by—

- (1) striking out "\$7,600" in clauses (2) and (3) and inserting "\$8,000";
- (2) striking out "\$8,600" in clauses (2) and (3) and inserting "\$10,000";
- (3) striking out "95 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent" in clause (2) and inserting "the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence, less such amount as may be necessary to comply with the succeeding proviso: *Provided further*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least \$200 in cash or its equivalent (which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses)";
- (4) striking out "95 percent of" in clause (3); and
- (5) striking out "thirty" in clause (4) and inserting "forty."

#### COST CERTIFICATION OF RENTAL HOUSING

SEC. 107. Section 227 of the National Housing Act, as amended, is amended by—

- (1) inserting the following new sentence between the first and second sentences: "Upon the Commissioner's approval of the mortgagor's certification as required hereunder such certification shall be final and incontestable, except for fraud or misrepresentation on the part of the mortgagor."; and
- (2) adding at the end of subsection (c) the following: "In the case of a mortgage insured under section 220, there shall be included in the actual cost an allowance for sponsor's profit of up to, but not exceeding, 10 percent of all other items entering into the term 'actual cost'; except any allowance for builder's profit, land or amounts paid for a leasehold, amounts paid under a general construction contract where the

mortgagor is not the builder as defined by the Commissioner, and amounts included under either (A) or (B) of clause (ii) of the preceding sentence."

#### NATIONAL DEFENSE HOUSING

SEC. 108. (a) Title II of the National Housing Act, as amended, is amended by adding at the end thereof a new section as follows:

"SEC. 230. (a) Notwithstanding any other provision of this title, and in addition to mortgages insured under section 203 or 207, the Commissioner may insure and make commitments to insure any mortgage under this section which meets, except as hereinafter provided, the eligibility requirements set forth in such sections: *Provided*, That no mortgage shall be insured under this section unless the Secretary of Defense or his designee shall have certified to the Commissioner that the housing with respect to which the mortgage is issued is necessary in the interest of national defense. Any such certification shall be conclusive evidence to the Commissioner of the need for such housing without regard to any other requirement in this act that the project or property be economically sound or an acceptable risk. If the Commissioner determines, notwithstanding any such certification, that the insurance of any mortgage on such housing is not an acceptable risk, he may require the Secretary of Defense to guarantee the Mutual Mortgage Insurance Fund or the Housing Insurance Fund, as the case may be, from loss with respect to any such mortgage insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

"(b) Except as otherwise provided herein, the provisions of this title relating to mortgages insured under section 203 or 207, respectively, shall be applicable to mortgages insured under this section which meet the eligibility requirements of such sections.

"(c) In the case of any mortgage insured under this section meeting the eligibility requirements of section 207, the principal obligation of such mortgage shall, notwithstanding the provisions of section 207 (c) (2), not exceed 90 percent of the estimated value of the property or project when the proposed improvements are completed.

"(d) The Commissioner shall require that each dwelling designed for rental purposes and covered by a mortgage insured under this section shall be held for rental for a period of not less than 4 years after the dwelling is made available for initial occupancy.

"(e) The Commissioner and the Secretary of Defense shall comply with and carry out the purposes of clause (ii) of section 803 (b) (2) of this act, as amended by the Housing Amendments of 1956, in the administration of this section, and for such purposes any reference therein to the Armed Services Housing Mortgage Insurance Fund shall be deemed to refer to the Mutual Mortgage Insurance Fund, or the Housing Insurance Fund, as the case may be."

(b) Section 305 of the National Housing Act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(h) Notwithstanding any other provisions of this act, the Association is authorized to enter into advance commitment contracts, which do not exceed \$50 million outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 230 a commitment to insure; but of such authorization not more than \$5 million outstanding at any one time shall be available for such commitments in any one State."

#### MILITARY HOUSING

SEC. 109. (a) Section 801 (g) of the National Housing Act, as amended, is amended to read as follows:

"(g) The term 'State' includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, the Virgin Islands, the Canal Zone, and Midway Island."

(b) Section 803 (a) of such act, as amended, is amended (1) by striking out the first proviso and inserting in lieu thereof the following: "Provided, That the aggregate amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955) shall not exceed \$3 billion," and (2) by striking out in the last proviso "September 30, 1956" and inserting in lieu thereof "September 30, 1959."

(c) (1) Sections 803 (b) (2) of such act, as amended, is amended by striking out all that follows clause (i) and inserting in lieu thereof the following: "and (ii) with the approval of the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation and that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing housing covered by mortgages insured under this act. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense or his designee shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund against loss with respect to the mortgage covering such housing. The Commissioner shall report to the Committees on Banking and Currency of the Senate and the House of Representatives each instance in which he has required the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund, with reasons therefor. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty."

(2) Title VIII of such act, as amended, is amended by adding at the end thereof a new section as follows:

"SEC. 809. (a) Notwithstanding any other provision of this title, or of title IV of the Housing Amendments of 1955, no personnel shall be assigned to, or granted occupancy in, any project which was acquired or constructed under this title, and is situated at or near a military installation, if, at the time it is proposed to make such assignment or grant such occupancy, more than 10 percent of the living accommodations in any housing, acquired or constructed under this title prior to the construction of such project, and situated at or near the same military installation, are vacant.

"(b) As used in this section, the term 'this title' refers to the provisions of title VIII of the National Housing Act in effect both prior to and on and after the date of enactment of the Housing Amendments of 1955."

(d) Clause (B) of section 803 (b) (3) of such act, as amended, is amended to read as follows:

"(B) not to exceed with respect to any project an average of \$15,000 per family unit, and with respect to all projects for any one of the armed services an average of \$14,250 per family unit, for such part of the property (including ranges, refrigerators, shades, screens, and fixtures) as may be attributable to dwelling use: *Provided*, That such amounts shall be reduced by the average amount per family unit of the replacement cost, as determined by the Commissioner, of



all usable utilities which are owned by the United States, and which are not provided for out of the proceeds of the mortgage, and are within the boundaries of the property or project; and."

(e) (1) Section 803 (b) (3) (C) of such act, as amended, is amended by striking out "eligible bidder of" and inserting in lieu thereof "eligible bidder with respect to."

(2) Sections 403 (a) and 403 (b) of the Housing Amendments of 1955 are amended by striking out "eligible builder", wherever the term appears therein and inserting in lieu thereof "eligible bidder."

(3) Section 403 (a) of the Housing Amendments of 1955 is amended by striking out the term "the builder", wherever appearing therein and inserting in lieu thereof the term "the mortgagor."

(4) Section 403 (a) of the Housing Amendments of 1955 is amended by striking out the term "with any builder."

(f) Section 403 (a) of the Housing Amendments of 1955 is further amended by inserting immediately before the last sentence the following: "Any such contract shall provide for the furnishing by the contractor of a performance bond and a payment bond with a surety or sureties satisfactory to the Secretary of Defense, or his designee, and the furnishing of such bonds shall be deemed a sufficient compliance with the provisions of section 1 of the act of August 24, 1935 (49 Stat. 793), and no additional bonds shall be required under such section."

(g) Section 405 of the Housing Amendments of 1955 is amended by striking out "\$9,000,000" and inserting in lieu thereof "\$18,000,000."

(h) The second sentence of section 406 of the Housing Amendments of 1955 is amended by inserting after the colon immediately following the first proviso the following: "Provided further, That such plans, drawings, and specifications shall follow the principle of modular measure, in order that the housing may be built by conventional construction, on-site fabrication, or factory fabrication, whichever the successful bidder may elect, or, in the case of a negotiated contract, whichever the contracting officer may determine to be in the best interest of the Government."

(i) Section 407 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new subsection (c):

"(c) Any funds heretofore or hereafter authorized to be expended by a military department for military construction or by the Coast Guard for acquisition, construction, and improvements may, within the purposes specified in subsection (a) above, be used for capital expenditures other than the amortization of outstanding mortgages."

(j) Title IV of the Housing Amendments of 1955 is amended by adding at the end thereof the following new section:

"Sec. 410. (a) In the construction of housing under the authority of this title and title VIII of the National Housing Act, as amended, the following are the maximum limitations on net floor area for each unit:

"(1) For flag officers and general officers, 2,100 square feet.

"(2) For captains in the Navy and colonels, 1,670 square feet.

"(3) For commanders and lieutenant commanders and for lieutenant colonels and majors, 1,400 square feet.

"(4) For officers below the grade of lieutenant commander or major, 1,250 square feet.

"(5) For enlisted members, 1,080 square feet.

"In this section 'net floor area' means the space inside the exterior walls, excluding basement, service space instead of basement, attic, garage, and porches.

"(b) The maximum limitations prescribed by subsection (a) are increased—

"(1) 10 percent for quarters outside the United States;

"(2) 10 percent for quarters of the commanding officer of any station, base or other installation, based on the grade authorized for that position."

#### TITLE II—HOUSING FOR ELDERLY PERSONS

##### AMENDMENTS TO THE NATIONAL HOUSING ACT

SEC. 201. (a) Section 203 (b) (2) of the National Housing Act, as amended, is hereby amended by striking out the period at the end thereof and substituting a comma and the following: "except that with respect to a mortgage executed by a mortgagor who is 60 years of age or older, as of the date the mortgage is accepted for insurance, the mortgagor's payment required by this proviso may be paid by a corporation or person other than the mortgagor under such terms and conditions as the Commissioner may prescribe."

(b) Title II of such act, as amended, is amended by adding at the end thereof a new section as follows:

#### "Elderly persons housing insurance

"Sec. 229. (a) The purpose of this section is to aid in the provision of housing for elderly persons and is designed to supplement systems of mortgage insurance under other provisions of this act. The Commissioner shall prescribe such procedures as in his judgment are necessary to secure to elderly persons a preference or priority of opportunity to rent or purchase dwelling units in housing the construction or rehabilitation of which is assisted under this section, and to prevent the benefits of this section from being made available to any such person with respect to the purchase of more than one dwelling unit. Any housing the construction or rehabilitation of which is assisted under this section shall be of such design as to be suitable for occupancy by elderly persons and shall be conveniently located so as to provide to the maximum extent practicable for their comfort and welfare. As used in this section, the term 'elderly person' means a person 60 years of age or over, or a family the head of which or his spouse is 60 years of age or over.

"(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(c) As used in this section, the terms 'mortgage', 'first mortgage', 'mortgagee', 'mortgagor', 'maturity date', and 'State', shall have the same meaning as in section 201 of this act.

"(d) To be eligible for insurance under this section, a mortgage shall—

"(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

"(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$8,000, except that the Commissioner may by regulation increase this amount not to exceed \$10,000 in any geographical area where he finds that cost levels so require, and not to exceed the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling designed principally for a single-family residence; less such amount as may be necessary to comply with the succeeding proviso: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and such mortgagor (or other per-

son or corporation satisfactory to the Commissioner) shall have paid on account of the property at least \$200 in cash or its equivalent (which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses): *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure and insuring a mortgage pursuant thereto where the mortgagor is not the owner and occupant and the property is to be built or acquired and repaired or rehabilitated for sale and the insured mortgage financing is required to facilitate the construction or the repair or rehabilitation of the dwelling and provide financing pending subsequent sale thereof to a qualified owner-occupant, and in such instances the mortgage shall not exceed 85 percent of the appraised value; or

"(3) if executed by a mortgagor (other than a mortgagor referred to in paragraph (4) of this subsection (d)) which, until the termination of all obligations of the Commissioner under this section, is regulated or restricted by the Commissioner as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of \$12,500,000; and not in excess of \$7,200 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed \$9,000 in any geographical area where he finds that cost levels so require, and not in excess of 90 per centum of the Commissioner's estimate of the value of such property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for eight or more families eligible for occupancy as provided in this section; or

"(4) if executed by a mortgagor which is a public or private nonprofit corporation or association or other acceptable public body or political subdivision, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of \$12,500,000; and not in excess of \$8,000 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed \$10,000 in any geographical area where he finds that cost levels so require, and not in excess of the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for eight or more families eligible for occupancy as provided in this section; and

"(5) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed 40 years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed such percent per annum not in excess of 6 percent as the Commissioner finds necessary to meet the mortgage market; and contains such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of



taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance. Without restricting the authority of the Commissioner under this act, the Commissioner is hereby authorized (with respect to a mortgagor under paragraph (2), (3), or (4) of subsection (d)) to consider for purposes of mortgage insurance eligibility under this section, any financial arrangement, or guaranty or endorsement of the mortgage, with respect to such property or project by a person or corporation, other than the mortgagor, acceptable to the Commissioner. No mortgage shall be accepted for insurance under this section unless the Commissioner finds that the property or project, with respect to which the mortgage is executed, is economically sound.

"(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

"(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204 (a) of this act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the fund shall be construed to refer to the Elderly Persons Housing Insurance Fund, and all references therein to section 203 shall be construed to refer to this section; or

"(2) as to mortgages meeting the requirements of paragraph (3) or paragraph (4) of subsection (d) of this section, as provided in section 207 (g) of this act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Elderly Persons Housing Insurance Fund.

"(h) The provisions of section 221 (g) (3) of this act shall be applicable to mortgages insured under this section.

"(i) There is hereby created an Elderly Persons Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such fund the sum of \$1 million from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Elderly Persons Housing Insurance Fund.

"Moneys in the Elderly Persons Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under

the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Elderly Persons Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such fund."

(c) (1) Subsection (a) of section 212 of such act, as amended, is amended by inserting "or under paragraph (3) or (4) of subsection (d) of section 229 of this title," immediately following the phrase "or under section 213 of this title."

(2) Section 219 of such act, as amended, is amended by inserting "the Elderly Persons Housing Insurance Fund," immediately following "the Defense Housing Insurance Fund."

(3) Section 226 of such act, as amended, is amended by inserting "229," immediately following "222."

(4) Subsection (a) of section 227 of such act, as amended, is amended (1) by inserting "(v) under section 229 if the mortgage meets the requirements of paragraph (3) or (4) of subsection (d) thereof," immediately following "paragraph (3) of subsection (d) thereof," and (2) by redesignating clauses (v) and (vi) as (vi) and (vii), respectively.

(5) Subsection (e) of section 513 of such act, as amended, is amended by inserting "under paragraph numbered (3) or (4) of subsection (d) of section 229," immediately preceding the phrase "under section 608."

(d) Section 305 of such act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(g) Notwithstanding any other provision of this act, the Association is authorized to enter into advance commitment contracts, which do not exceed \$50 million outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 229 a commitment to insure; but of such authorization not more than \$5 million outstanding at any one time shall be available for such commitments in any one State."

#### AMENDMENTS TO THE UNITED STATES HOUSING ACT OF 1937

SEC. 202. (a) Paragraph (2) of section 2 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new sentences: "The term 'families' includes (A) a person 65 years of age or over, and (B) the remaining member of a tenant family. The term 'elderly families' means families the head of which (or his spouse) is 65 years of age or over."

(b) Section 10 of such act is amended by adding at the end thereof the following new subsection:

"(m) For the purpose of increasing the supply of low-rent housing for elderly families, the Authority may assist the construction of new housing in order to provide accommodations designed specifically for such families, and may, with the approval of the President, after July 1, 1956, without regard to the provisions of any other law, enter into contracts for loans and annual contributions providing for not to exceed 15,000 new dwelling units designed specifically for such families (either as separate projects or

as parts of projects), which number shall be increased by 15,000 dwelling units on July 1 of each of the years 1957, 1958, 1959, and 1960, respectively. Such new dwelling units shall be in addition to the dwelling units for which annual contributions contracts are authorized by any other provision of law. The total authorization otherwise provided for annual contributions under this act shall be increased by \$6 million per annum on July 1, 1956, and by the same amount on July 1 in each of the years 1957, 1958, 1959, and 1960, respectively: *Provided*, That nothing herein shall be construed to prevent the provision of dwelling units designed for elderly families under such other authorizations. Notwithstanding the provisions of subsection 10 (g), any local public housing agency, in respect to dwelling units suitable to the needs of elderly families, may extend a prior preference to such families and may waive the provisions of clause (ii) of section 15 (8) (b) with respect to such units: *Provided further*, That as among such families, the 'First' preference in subsection 10 (g) shall apply."

(c) Section 15 (5) of such act is amended by inserting immediately before the colon in the first sentence the following: "or \$2,250 in the case of accommodations designed specifically for elderly families."

(d) Such act is further amended by striking the figure "\$336,000,000" in subsection 21 (d) and substituting therefor the figure "\$366,000,000."

#### ADVISORY COMMITTEE

SEC. 203. The Housing and Home Finance Administrator shall establish, in accordance with the provisions of section 601 of the Housing Act of 1949, as amended, an advisory committee on matters relating to housing for elderly persons (as defined in section 229 (a) of the National Housing Act, as amended).

#### TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 301. Subsection (b) of section 302 of the National Housing Act, as amended, is amended by inserting before the period at the end thereof a comma and the following: "except that such \$15,000 limit shall not be applicable with respect to mortgages covering property located in Alaska, Guam, or Hawaii which are offered for purchase under section 305."

SEC. 302. Subsection (b) of section 303 of the National Housing Act, as amended, is hereby amended by striking out the first sentence and inserting: "The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions equal to 2 percent of the unpaid principal amounts of mortgages purchased or to be purchased by the Association from such seller or equal to such other greater or lesser percentage, but not less than 1 percent thereof, as the Association may determine from time to time, taking into consideration conditions in the mortgage market and the general economy."

SEC. 303. Subsection (a) of section 304 of the National Housing Act, as amended, is hereby amended by striking out "at the market price" in the second sentence and inserting "within the range of market prices."

SEC. 304. (a) Subsection (b) of section 305 of the National Housing Act, as amended, is amended by striking out the second sentence and inserting in lieu thereof the following: "Notwithstanding any other provision of this section, the price to be paid by the Association for mortgages purchased in its operations under this section shall be 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items."

(b) Subsection (e) of such section is amended by striking out all that follows the



semicolon and inserting in lieu thereof the following: "but of such authorization not more than \$5 million outstanding at any one time shall be available for such commitments in any one State."

SEC. 305. (a) Subsection (c) of section 305 of the National Housing Act, as amended, is amended by striking out "purchasers" in the clause preceding the proviso and inserting in lieu thereof "purchases."

(b) Subsection (f) of section 305 of such Act is amended by striking out "by the Housing Amendments of 1955" and inserting in lieu thereof "on or after August 11, 1955."

SEC. 306. (a) Subsection (c) of section 306 of the National Housing Act, as amended, is amended by striking out in the last sentence thereof "and subsection (e) of this section."

(b) Subsection (e) of section 306 of such Act is hereby repealed.

#### TITLE IV—SLUM CLEARANCE AND URBAN RENEWAL

SEC. 401. Section 102 (d) of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following: "Notwithstanding section 110 (h) or any other provision of this title, the Administrator may make advances of funds under this subsection for surveys and plans for an urban renewal project (including general neighborhood renewal plans as hereinafter defined) to a single local public body which has the authority to undertake and carry out a substantial portion, as determined by the Administrator, of the surveys and plans or the project respecting which such surveys and plans are to be made: *Provided*, That the application for such advances shows, to the satisfaction of the Administrator, that the filing thereof has been approved by the public body or bodies authorized to undertake the other portions of the surveys and plans or of the project which the applicant is not authorized to undertake."

SEC. 402. (a) (1) Section 105 (a) of the Housing Act of 1949, as amended, is amended by striking out "(including any redevelopment plan constituting a part thereof)."

(2) Section 110 (b) of such act is amended by striking out clause (3) and the semicolon and the word "and" which immediately precede said clause and by inserting the word "and" after the semicolon at the end of clause (1).

(b) (1) Section 110 (c) of such act is amended to read as follows:

"(c) 'Urban renewal project' or 'project' may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

"(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of an open land project;

"(2) demolition and removal of buildings and improvements;

"(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

"(4) disposition of any property acquired in the urban renewal area (including sale, initial leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan;

"(5) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; and

"(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density (including measures designed to reduce the vulnerability of metropolitan target zones from enemy attack), eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities.

"For the purposes of this title, the term 'project' shall not include the construction or improvement of any building, and the term 'redevelopment' and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term 'project' shall not include any donations or provisions made as local grants-in-aid and eligible as such, pursuant to clauses (2) and (3) of section 110 (d) hereof.

"Financial assistance shall not be extended under this title with respect to any urban renewal area which is not clearly predominantly residential in character unless such area will be a predominantly residential area under the urban renewal plan therefor: *Provided*, That, where such an area which is not clearly predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and such area is not appropriate for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 percent of the total amount of capital grants authorized by this title.

"In addition to all other powers hereunder vested, where land within the purview of clause (1) (ii) or (1) (iii) of the first paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided*, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ percent of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title."

(2) The first sentence of section 110 (d) of such act is amended by striking out the words "either the second or third sentence" in clause (2) and inserting "the second sentence."

(3) The first sentence of section 110 (d) of such act is amended by striking out the phrase ", public facilities financed by special assessments against land in the project area," in clause (3) and adding the following proviso before the period at the end of the sentence: "*And provided further*, That in any case where a public facility furnished as a local grant-in-aid is financed in whole or in part by special assessments against real property in the project area acquired by

the local public agency as part of the project, an amount equal to the total special assessments against such real property (or, in the case of a computation pursuant to the proviso immediately preceding, the estimated amount of such total special assessments) shall be deducted from the cost of such facility for the purpose of computing the amount of the local grants-in-aid for the project."

(d) Section 110 (e) of such act is amended by adding the following at the end thereof: "Where real property in the project area is acquired and is owned as part of the project by the local public agency and such property is not subject to ad valorem taxes by reason of its ownership by the local public agency and payments in lieu of taxes are not made on account of such property, there may (with respect to any project for which a contract of Federal assistance under this title is in force or is hereafter executed) be included, at the discretion of the Administrator, in gross project cost an amount equal to the ad valorem taxes which would have been levied upon such property if it had been subject to ad valorem taxes, but in all cases prorated for the period during which such property is owned by the local public agency as part of the project, and such amount shall also be considered a cash local grant-in-aid within the purview of section 110 (d) hereof. Such amount, and the amount of taxes or payments in lieu of taxes included in gross project cost, shall be subject to the approval of the Administrator and such rules, regulations, limitations, and conditions as he may prescribe."

SEC. 403. (a) (1) Section 102 (d) of the Housing Act of 1949, as amended, is amended by adding the following at the end thereof:

"In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of general neighborhood renewal plans (as herein defined) for urban renewal areas of such scope that the urban renewal activities therein may have to be carried out in stages, consistent with the capacity and resources of the respective local public agency, over an estimated period of not more than 10 years. No contract for advances for the preparation of a general neighborhood renewal plan may be made unless the Administrator has determined that:

"(1) in the interest of sound community planning, it is desirable that the urban renewal area be planned for urban renewal purposes in its entirety;

"(2) the local public agency proposes to undertake promptly an urban renewal project embracing at least 10 percent of such area, upon completion of the general neighborhood renewal plan and the preparation of an urban renewal plan for such project; and

"(3) the governing body of the locality has represented that the general neighborhood renewal plan will be used to the fullest extent feasible as a guide for the provision of public improvements in such area and that the plan will be considered in formulating codes and other regulatory measures affecting property in the area and in undertaking other local governmental activities pertaining to the development, redevelopment, rehabilitation, and conservation of the area.

The contract for any such advance of funds for a general neighborhood renewal plan shall be made upon the condition that such advance shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the first urban renewal project in such area: *Provided*, That in the event of the undertaking of any other project or projects in such area an appropriate allocation of the amount of the advance, with



interest, may be effected to the end that each such project may bear its proper allocable part, as determined by the Administrator, of the cost of the general neighborhood renewal plan. As used herein, a general neighborhood renewal plan means a preliminary plan (conforming, in the determination of the governing body of the locality, to the general plan of the locality as a whole and to the workable program of the community meeting the requirements of section 101) which outlines the urban renewal activities proposed for the area involved, provides a framework for the preparation of urban renewal plans and indicates generally, to the extent feasible in preliminary planning, the land uses, population density, building coverage, prospective requirements for rehabilitation and improvement of property, and any portions of the area contemplated for clearance and redevelopment."

(2) Section 102 (d) of such act, as amended, is further amended by striking "The Administrator may make advances of funds to local public agencies for" and inserting in lieu thereof "The Administrator may make advances of funds to local public agencies for surveys of urban areas to determine whether the undertaking of urban renewal projects therein may be feasible and for."

(b) Section 104 of such act, as amended, is amended to read as follows:

"Sec. 104. Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved. Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, shall not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made."

(c) Section 103 (b) of such act, as amended, is amended by striking out "\$200,000,000" and inserting in lieu thereof "\$250,000,000."

SEC. 404. Section 106 of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new subsection:

"(f) The Administrator is hereby authorized to make payments to individuals, families, and business concerns to the extent necessary to compensate or reimburse them for the following expenses or losses, for which reimbursement or compensation is not otherwise made, resulting from their displacement from an urban renewal area included in an urban renewal project with respect to which a contract for capital grant or temporary loan with a local public agency has been executed under this title:

"(1) necessary moving expenses not to exceed \$100 for any individual or family; and

"(2) business losses, including loss of good-will and necessary moving expenses, not to exceed \$2,000 for any business concern."

"The Administrator shall prescribe reasonable rules and regulations for the making of payments in conformity with the purposes of this subsection. There is hereby authorized to be appropriated to the Administrator such sums as may be necessary to make payments under this subsection."

#### TITLE V—PUBLIC HOUSING

##### LOW-RENT PUBLIC HOUSING

SEC. 501. (a) Subsection (i) of section 10 of the United States Housing Act of 1937, as amended, is amended to read as follows:

"(i) Notwithstanding any other provisions of law, the Authority shall not enter into any new contracts for loans or annual contributions for more than 135,000 additional dwelling units during any fiscal year: *Provided*, That in respect to the fiscal year 1957 such number shall be increased by the difference between 45,000 and the number of units for which new annual contribution contracts for additional units were entered into during the fiscal year 1956: *Provided further*, That (subject to the authorization of not to exceed

810,000 dwelling units) the number of additional dwelling units for which contracts may be entered into under this subsection during any fiscal year may be increased at any time or times by additional amounts aggregating not more than 65,000 dwelling units, or may be decreased at any time or times by amounts aggregating not more than 85,000 dwelling units, upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase or decrease upon conditions in the building industry and upon the national economy, that such action is in the public interest."

(b) Section 13 of such act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(f) The Authority shall establish general standards applicable to low-rent housing projects with respect to minimum space requirements and type of construction. The Authority shall allow, subject to the provisions of paragraph (5) of section 15 and consistent with such general standards as it may prescribe, the local public housing agencies a maximum amount of discretion with respect to the size of any housing project, the types of dwellings, and project densities and design."

(c) Subsection (d) of section 21 of such act, as amended, is amended by striking out the figure "10" in both places it appears and inserting in lieu thereof the figure "15."

(d) There are hereby repealed—

(1) the third proviso and clause (2) of the eighth proviso appearing in that part of the First Independent Offices Appropriation Act, 1954, which is captioned "Annual contributions:" under the heading "Public Housing Administration";

(2) clause (2) of the third proviso, and the fourth proviso, appearing in that part of the Independent Offices Appropriation Act, 1953, which is captioned "Annual contributions:" under the heading "Public Housing Administration";

(3) the fourth proviso appearing in that part of the Independent Offices Appropriation Act, 1952, which is captioned "Annual contributions:" under the heading "Public Housing Administration";

(4) the sixth and seventh provisos appearing in that part of the first Independent Offices Appropriation Act, 1954, which is captioned "Annual contributions:" under the heading "Public Housing Administration", and the fifth and sixth provisos under the same caption in the Independent Offices Appropriation Act, 1953;

(5) as of its effective date section 10 (j) of the United States Housing Act of 1937, as amended; and

(6) section 10 (1) of the United States Housing Act of 1937, as amended.

##### FARM-LABOR CAMPS

SEC. 502. Section 12 of the United States Housing Act of 1937, as amended, is amended by adding the following at the end of subsection (f): "Notwithstanding any other provisions of law, upon the filing of a request therefor within 12 months after the effective date of the Housing Amendments of 1956, the Authority shall relinquish, transfer, and convey, without monetary consideration, all of its rights, title, and interest in and with respect to any such project or any part thereof (including such land as is determined by the Authority to be reasonably necessary to the operation of such project and contractual rights to revenues, reserves, and other proceeds therefrom) to any public housing agency whose area of operation includes the project, upon a finding and certification by the public housing agency (which shall be conclusive upon the Authority) that the project is needed to house persons and families of low income and that preference for occupancy in the project will be given, first, to low-income agricultural workers and their families and, second, to other low-income persons and their families.

Upon the relinquishment and transfer of any such project it shall cease to be a low-rent project within the meaning of this act, and the Authority shall have no further jurisdiction over the same, except that in any conveyance hereunder the Authority shall reserve to the United States of America any mineral rights of whatsoever nature upon, in, or under the property, including the right of access to and the use of such parts of the surface of the property as may be necessary for mining and saving the minerals. Any project or part thereof not relinquished or conveyed or under a contract for disposal pursuant to this subsection shall be disposed of by the Authority pursuant to subsection (e) of section 13 of this act, notwithstanding the parenthetical clause in said subsection."

##### DISPOSITION OF DEFENSE HOUSING

SEC. 503. (a) Notwithstanding the provisions of any other law, there are hereby transferred to the jurisdiction of the Department of Defense, effective July 1, 1956, all right, title, and interest, including contractual rights and obligations and any reversionary interest, held by the Federal Government in and with respect to all real and personal property comprising the following housing projects:

Project No.:	Location
ALA-1D1.....	Ozark, Ala.
ALA-1D2.....	Ozark, Ala.
ALA-2D1.....	Foley, Ala.
ALA-2D2.....	Foley, Ala.
ARIZ-1D1.....	Yuma, Ariz.
ARIZ-1D2.....	Yuma, Ariz.
ARIZ-3D1.....	Flagstaff, Ariz.
CAL-3D1.....	Oceanside, Calif.
CAL-3D2.....	Oceanside, Calif.
CAL-4D1.....	Miramar, Calif.
CAL-6D1.....	San Ysidro, Calif.
CAL-7D2.....	Barstow, Calif.
CAL-9D1.....	Barstow, Calif.
CAL-9D2.....	Barstow, Calif.
CAL-10D1.....	Twenty-nine Palms, Calif.
COLO-1D1.....	Colorado Springs, Colo.
FLA-2D1.....	Green Cove Springs, Fla.
FLA-4D1.....	Milton, Fla.
FLA-8082.....	Pensacola, Fla.
FLA-8084.....	Pensacola, Fla.
GA-1D1.....	Hinesville, Ga.
KAN-3D1.....	Hutchinson, Kans.
ME-4D1.....	Brunswick, Maine
MD-1D1.....	Bainbridge, Md.
MO-1D1.....	Waynesville, Mo.
MO-2D1.....	Waynesville, Mo.
MO-4D1.....	Waynesville, Mo.
MO-5D1.....	Waynesville, Mo.
NEV-2D1.....	Fallon, Nev.
NC-1D1.....	Camp LeJeune, N. C.
NC-3D1.....	Camp LeJeune, N. C.
NC-4D1.....	Elizabeth City, N. C.
RI-1D1.....	Portsmouth, R. I.
RI-2D1.....	Portsmouth, R. I.
TEX-2D1.....	Kingsville, Tex.
TEX-3D1.....	Hondo, Tex.
TEX-5D1.....	Beeville, Tex.
TEX-5D2.....	Beeville, Tex.
TEX-6D1.....	Mission, Tex.
VA-6D1.....	Quantico, Va.
VA-10D1.....	Yorktown, Va.
VA-12D1.....	Yorktown, Va.
VA-13D1.....	Williamsburg, Va.

The provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, and of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, shall not apply to any property transferred hereunder and, except as otherwise provided herein, the laws relating to similar property of the Department of Defense shall be applicable to the property transferred.

(b) Notwithstanding the provisions of this or any other law, any housing constructed or acquired under the provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, which is not transferred under the



provisions of subsection (a) hereof shall, as expeditiously as possible, but not later than June 30, 1957, be disposed of on a competitive bid basis to the highest responsible bidder upon such terms and after such public advertisement as the Housing and Home Finance Administrator may deem in the public interest; except that the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation: *Provided*, That project No. IDA-2D1 at Cobalt, Idaho, shall be sold only for use on the site.

(c) The Housing and Home Finance Administrator is hereby directed to convey (pursuant to the provisions of section 606 of the Act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended): (1) housing project No. RI-37013 to the Housing Authority of the city of Newport, R. I.: *Provided*, That, notwithstanding the provisions of that section or of any other law, the agreement required by that section shall permit the use of the project in whole or in part for the housing of military personnel without regard to their income, and shall require the authority, in selecting tenants, to give a first preference in respect to 360 dwelling units to such military personnel as the Secretary of Defense or his designee prescribes for 3 years after the date of conveyance and to give 30 days advance notice of available vacancies to such designee, and (2) housing projects Nos. PA-36011 and PA-36012 to the Housing Authority of Philadelphia, Pa.

(d) The act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, is amended by adding at the end thereof the following new section:

"Sec. 614. (a) Notwithstanding the provisions of this or any other law, (1) any housing to be sold on site determined by the Administrator to be permanent, located on lands owned by the United States and under the jurisdiction of the Administrator, which is not relinquished, transferred, under contract of sale, sold or otherwise disposed of by the Administrator under other provisions of this act or under the provisions of other law by January 1, 1957, except housing which is determined by the Administrator by that date to be suitable for sale in accordance with section 607 (b) of this act; and (2) any permanent housing to be sold off site which is not relinquished, transferred, under contract of sale, sold or otherwise disposed of prior to the effective date of this section shall be disposed of, as expeditiously as possible, on a competitive basis to the highest responsible bidder upon such terms and after such public advertisement as the Administrator may deem in the public interest; except that the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation.

"(b) Notwithstanding the provisions of this or any other law, all contracts entered into after the enactment of the Housing Amendments of 1956 for the sale, transfer, or other disposal of housing (other than housing subject to the provisions of sec. 607 (b) of this act) determined by the Administrator to be permanent, except contracts entered into pursuant to subsection (a) hereof, shall require that if title does not pass to the purchaser by April 1, 1957 (or within 60 days thereafter if such time is necessary to cure defects in title in accordance with the provisions of the contract), the rights of the purchaser shall terminate and thereafter the housing shall be sold under the provisions of subsection (a) hereof. For the purposes of this subsection, title shall be considered to have passed upon

the execution of a conditional sales contract.

"(c) The dates set forth in subsections (a) and (b) of this section shall not be subject to change by virtue of the provisions of section 611 of this act."

#### TITLE VI—MISCELLANEOUS

##### COLLEGE HOUSING

SEC. 601. (a) Subsection (d) of section 401 of the Housing Act of 1950, as amended, is amended by striking out "\$500,000,000" and inserting in lieu thereof "\$750,000,000."

(b) Section 404 (b) of such act, as amended, is amended by striking out "and (2)" and inserting in lieu thereof the following: "(2) any educational institution (no part of the net earning of which inures to the benefit of any private shareholder or individual) the courses of which are designed to train persons to carry on the vocation of minister of a religious denomination, and (3)."

##### RESEARCH

SEC. 602. (a) The Housing and Home Finance Administrator is authorized and directed to undertake such programs of investigation, analysis, and research as he determines to be necessary and appropriate in the exercise of his responsibilities, including the formulation and carrying out of national housing policies and programs. Without limiting such authority, such programs shall develop and supply data and information on—

(1) the housing inventory of the Nation and the production, use, and demolition and conversion of residential structures, and such other factors as affect the total supply of housing;

(2) mortgage market problems;

(3) the extent to which adequate housing is available to the low-income and middle-income families of the Nation through public and private means;

(4) housing for elderly persons;

(5) residential design, assembly methods, and materials use in relation to cost, utility, and comfort; and

(6) characteristics of current and prospective housing market demand.

(b) (1) In order to permit the Administrator to carry out the functions vested in him by subsection (a) of this section, he is hereby authorized to enter into contracts with agencies of State or local governments and educational institutions and other non-profit organizations and into working agreements with departments and independent establishments and agencies of the Federal Government on a reimbursable basis: *Provided*, That the total amount of such contracts and working agreements shall not exceed \$500,000 during the fiscal year 1957, which amount shall be increased by further amounts of \$1 million on July 1, 1957, and July 1, 1958, respectively.

(2) There are hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such sums as may be necessary to carry out the purposes of this section, including administrative expenses which are hereby authorized, and amounts necessary to make payments pursuant to contracts or working agreements authorized under subsection (b) (1) of this section.

(3) The provisions of the third and fourth sentences of subsection (a) of section 301 of the Housing Act of 1948, as amended, shall apply to contracts and appropriations pursuant to this section.

(c) The Administrator may disseminate (without regard to the provisions of section 306 of the Penalty Mail Act of 1948 (39 U. S. C. 321n)) any data or information acquired, or held under this section, including related data, and information otherwise available to the Administrator through the operation of the programs and activities of the Housing and Home Finance Agency, in such form as he shall determine to be most useful to departments, establishments and agencies of

the Federal Government, or State, or local governments, to industry and to the general public.

(d) In carrying out the provisions of this section, the Administrator is hereby authorized to request and receive such information or data as he deems appropriate from private individuals, organizations, and other public agencies. Any such information or data shall be used only for the purposes for which it is supplied, and no publication shall be made by the Administrator whereby the information, or data furnished by any particular person or establishment can be identified, except with the consent of such person or establishment.

(e) Nothing contained in this section shall limit any authority of the Administrator under title III of the Housing Act of 1948, as amended, or any other provision of law.

##### HOME OWNER'S LOAN ACT OF 1933

SEC. 603. (a) Section 5 (c) of the Home Owners' Loan Act of 1933, as amended, is amended by striking out "\$2,500" in the proviso at the end of the second paragraph and inserting in lieu thereof "\$3,500."

(b) Section 5 (c) of such act is further amended by striking out "15 percent" in the first sentence and inserting in lieu thereof "20 percent."

##### COMMISSION ON NATIONAL HOUSING POLICY

SEC. 604. (a) The Congress finds that the general welfare and security of the Nation and the health and living standards of the people require a dynamic housing industry and an increasing availability of residential housing and related community development. The Congress further finds that the periodic discounting of Government-supported mortgages demonstrates the lack of an orderly mortgage market and tends to negate public policy, and that it may be desirable to develop new sources of investment funds to meet the housing needs of the Nation. It is the purpose of this section to authorize an intensive study to be made of ways and means of encouraging a flow of investment capital to provide financing, through an orderly and adequate market, sufficient to support a level of residential construction compatible with the housing demands and needs of the population and the capacities of a balanced, high-level economy.

(b) (1) There is hereby established a commission to be known as the Commission on National Housing Policy (hereinafter referred to as the "Commission").

(2) The Commission shall be composed of 11 members as follows:

(A) The Administrator of the Housing and Home Finance Agency, the Administrator of Veterans' Affairs, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Federal Home Loan Bank Board, and the Secretary of the Treasury, all ex officio; and

(B) Six persons to be appointed by the President from private life, such persons to be selected on the basis of their qualifications and experience in the field of housing or mortgage finance.

(3) The Chairman and the Vice Chairman of the Commission shall be selected by the Commission from among its members at its first meeting.

(4) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(5) Six members of the Commission shall constitute a quorum.

(c) (1) The members of the Commission who are serving ex officio shall serve without compensation in addition to that received for their other services in the Government, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission. The members of the Commission from private life may be paid transportation expenses and



not to exceed \$50 per diem in lieu of subsistence as authorized by section 5 of the act of August 2, 1946, as amended (5 U. S. C. 73b-2.)

(2) The Commission may—

(A) appoint and fix the compensation of such personnel as it deems advisable without regard to the civil service laws and the Classification Act of 1949, as amended;

(B) make such expenditures (including expenditures for travel and not to exceed \$15 per diem in lieu of subsistence for witnesses appearing at the request of the Commission) for personal services, printing and binding, rent in the District of Columbia, and for such other matters as are necessary for the efficient execution of its functions under this section; and

(C) procure, without regard to the civil service laws and the Classification Act of 1949, as amended, temporary and intermittent services to the same extent as is authorized by section 15 of the Act of August 2, 1946 (60 Stat. 810; 5 U. S. C. 55a), but at rates not to exceed \$50 per diem for individuals.

(3) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

(4) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

(d) The Commission is authorized and directed to conduct an inquiry with respect to the current and prospective residential housing needs of the country and the capacity of the economy in general and of the building industry and mortgage market in particular to meet these needs. The Commission shall formulate recommendations which shall include but not be limited to the following subjects:

(1) The short-term and long-term housing needs of the Nation;

(2) The discounting of Government-supported mortgages;

(3) Long-term prospects for developing new sources of investment funds to meet the housing needs of the Nation, including but not limited to private and semiprivate pension funds and trusts;

(4) The extent to which the resources of the Federal National Mortgage Association can be utilized to stabilize the mortgage market; and

(5) Ways and means of increasing the supply of adequate housing for families of moderate income.

(e) (1) The Commission may, in connection with its inquiries and studies under this section, hold such hearings and hear such witnesses as it may deem appropriate.

(2) All departments and agencies of the Government are authorized and directed to cooperate with the Commission in its work and to furnish the Commission such information and assistance as it may require in the performance of its functions and responsibilities.

(f) The Commission may submit interim reports of its studies under subsection (d) to the Congress and the President at such time or times as it deems advisable, and shall submit its final report with respect to such studies to the Congress and the President not later than June 30, 1957. The final report of the Commission shall include its recommendations (including recommendations for governmental action, either legislative or administrative, as it shall deem necessary) with respect to the matters referred to in subsection (d), and such other related matters as it shall determine to be appropriate. The Commission shall cease to

exist 90 days after submission of its final report.

#### FARM HOUSING

SEC. 605. (a) The first sentence of section 511 of the Housing Act of 1949, as amended, is amended to read as follows: "The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making loans under this title (other than loans under section 504 (b)). The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending June 30, 1961, shall not exceed \$450,000,000."

(b) Section 512 of such act is amended to read as follows:

"SEC. 512. In connection with loans made pursuant to section 503, the Secretary is authorized to make commitments for contributions aggregating not to exceed \$10 million during the period beginning July 1, 1956, and ending June 30, 1961."

(c) Clause (b) of section 513 of such act is amended to read as follows: "(b) not to exceed \$50,000,000 for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) during the period beginning July 1, 1956, and ending June 30, 1961; and."

(d) This section shall take effect on July 1, 1956.

#### HOSPITAL CONSTRUCTION

SEC. 606. (a) Notwithstanding the provisions of section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, the authority under section 304 of such act to make loans or grants, or other payments to public and nonprofit agencies for the construction of hospitals is hereby revived and extended with respect to public and nonprofit agencies which have, prior to June 30, 1953, applied under such section 304 for such loans or grants, or other payments for the construction of hospitals, and have been denied such loans or grants, or other payments solely because of the unavailability of funds for such purpose.

(b) The authority granted by this section shall expire June 30, 1957.

(c) There is hereby authorized to be appropriated the sum of \$5,000,000 for the purposes of this section for each of the fiscal years ending June 30, 1956, and June 30, 1957.

#### SALE OF HOUSING PROJECTS

SEC. 607 (a) (1) Notwithstanding any other provisions of law, the Housing and Home Finance Administrator is authorized to sell and convey at fair market value as determined by him on the basis of an appraisal made by an independent real-estate expert to the city of Alexandria, Va., or to the Alexandria Redevelopment and Housing Authority, or to any agency or corporation established or sponsored in the public interest by such city, all of the right, title, and interest of the United States in and to the Chinquapin Village housing project, VA 44131, located in Alexandria, Va. Any sale pursuant to this authorization shall be on such terms and conditions as the Administrator shall determine, and the amount received for the project shall be reported by the Administrator to the Banking and Currency Committee of the Senate and the Banking and Currency Committee of the House of Representatives.

(2) The provisions of this section shall be effective only during the period ending 6 months after the date of enactment of this act.

(b) The last proviso of subsection (c) of section 108 of the Housing Amendments of 1955 is amended by striking out "12" and inserting in lieu thereof "24."

#### CITY PLANNING SCHOLARSHIPS AND FELLOWSHIPS

SEC. 608. There is hereby authorized to be appropriated the sum of \$500,000 annually

for a 3-year period, commencing on or after July 1, 1956, to be used by the Housing and Home Finance Administrator for the purpose of providing scholarships and fellowships in public and private nonprofit institutions of higher education for the graduate training of professional city planning and housing technicians and specialists. Persons shall be selected for such scholarships and fellowships solely on the basis of ability.

#### SERVICEMEN'S READJUSTMENT ACT OF 1944

SEC. 609. (a) The fourth sentence of subsection (a) of section 500 of the Servicemen's Readjustment Act of 1944, as amended, is amended by striking out "ten" the first time it appears therein and inserting in lieu thereof "eleven."

(b) Paragraph (C) of subsection (b) of section 512 of such act is amended by striking out "1957" and inserting in lieu thereof "1958."

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. Will I be permitted to offer an amendment to the substitute?

The PRESIDING OFFICER. That would be in order.

Mr. FULBRIGHT. Mr. President, the amendment which I have sent to the desk would strike out everything after the enacting clause of the House bill and substitute the text of Senate bill 3855, which passed the Senate on May 24, 1956. Following the adoption of this amendment, I intend to move that the Senate insist on its amendment, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

Mr. President, I am sure the Senate is generally familiar with the situation in which we find ourselves at this late date with respect to housing legislation.

However, for the record, I should like to review some of these circumstances. On March 20, 1956, the Housing Subcommittee of the Senate Committee on Banking and Currency began hearings on a series of bills, the provisions of which dealt with all phases of housing. The subcommittee met morning and afternoon, and over a 10-day period took over 700 pages of testimony and heard close to a hundred witnesses. Following these extended hearings, the Banking and Currency Committee convened and after several days more discussion in executive session reported out a bill on May 15, 1956. The Senate passed this bill with three amendments on May 24, 1956. This bill was referred to the House, which body has been in a position to act on housing legislation since that time.

The House Banking and Currency Committee developed its own bill, H. R. 11742, which was reported to the House on June 15, 1956. Although the chairman of the House Committee on Banking and Currency requested a rule to permit the House to consider this bill, no action was taken until July 21, 1956—a full 2 months after the Senate had passed its bill.

I make this statement not in any way reflecting on the House or any of its committees or Members, but merely to demonstrate that the delay has not been the responsibility of the Senate.

The PRESIDING OFFICER. The Senate will be in order.



Mr. FULBRIGHT. On July 21, the House Rules Committee adopted a rule permitting one amendment to H. R. 11742. That amendment is the next of the bill which is now before us, which incidentally was introduced on July 20, 1956. At the time the rule was granted, it was stated before the Rules Committee of the House that those who offered the amendment had received assurances that there were sufficient votes in the House to substitute it for the bill reported by the House Committee on Banking and Currency.

The normal procedure, of course, following the enactment of a House bill, where a Senate passed bill is also in existence, would be to take up the Senate passed bill, insert the House language and eventually go to conference.

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order. The Senator will suspend until there is quiet in the Chamber. Those having no business on the floor of the Senate, will please retire.

Mr. FULBRIGHT. However, in this case the House has merely sent its bill to the Senate without action on the Senate-passed bill still pending in the House. Discussions during the hearings of the Rules Committee on July 21 were to the effect that the House would not consider the Senate-passed bill; that the House would send to the Senate its own bill and, moreover, would refuse to go to conference if the Senate amended the bill passed by the House.

The first I heard of the bill, which has passed the House and which is the pending measure, was on Monday, July 23. On that date the Senator from Indiana [Mr. CAPEHART], the Senator from Alabama [Mr. SPARKMAN], and I met with the General Counsel of the HHFA.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield.

Mr. DOUGLAS. Who is the general counsel of the HHFA?

Mr. FULBRIGHT. Mr. A. Oakley Hunter.

Mr. DOUGLAS. Is Mr. A. Oakley Hunter a former Representative from California?

Mr. FULBRIGHT. I believe that is correct.

Mr. DOUGLAS. Is he the author of H. R. 12328?

Mr. FULBRIGHT. I cannot speak from personal knowledge. He was very much interested in it. He talked to us about it in conference.

Mr. DOUGLAS. Did he not know all about H. R. 12328?

Mr. FULBRIGHT. I believe he knew all about it.

Mr. DOUGLAS. Did he not draft H. R. 12328?

Mr. FULBRIGHT. It is my understanding he had a great deal to do with it, but I cannot testify that he actually drafted it. I am sure he was aware of its drafting.

Mr. DOUGLAS. Section 603 of the bill, at page 61, contains an extraordinary provision, which says:

The salary of the general counsel of the Housing and Home Finance Agency shall be the same as that of the heads of the constituent agencies of the Housing and Home Finance Agency.

As I understand, the heads of those agencies will receive a salary, under the executive pay bill, of \$20,000. Am I correct?

Mr. JOHNSTON of South Carolina. The Senator is correct.

Mr. DOUGLAS. The General Counsel of the Housing and Home Finance Agency was not included in the executive pay bill, as I understand.

Mr. JOHNSTON of South Carolina. That is correct.

Mr. DOUGLAS. The Senator from Illinois is correct?

Mr. JOHNSTON of South Carolina. The Senator from Illinois is correct.

Mr. DOUGLAS. Here we have a bill increasing the salary of the General Counsel of this Agency from the present figure, which I believe is \$14,800, to \$20,000, in a bill which apparently that same man drafted.

Mr. JOHNSTON of South Carolina. I should like to say along that line—

Mr. FULBRIGHT. I believe I have the floor.

The PRESIDING OFFICER. The Senator from Arkansas has the floor. Does he yield further?

Mr. FULBRIGHT. I ask unanimous consent that I may yield to the Senator from South Carolina to clarify this particular point, without my losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSTON of South Carolina. I wish to call to the attention of the Senate one of the difficulties about increasing salaries in this manner. We get into a great deal of trouble in conference, particularly on bills like the executive pay bill, because one salary will be at one figure and another salary at another figure. Because of that we have a great deal of trouble trying to adjust the various salaries. Here we are undertaking to do the same thing in this field. I believe the Senator from Kansas will agree with every word I am saying.

Mr. CARLSON. Mr. President, if the Senator from Arkansas will yield, I should like to state that I am in thorough accord with what the chairman of the committee has stated. It is very unfortunate indeed that an attempt should be made to bring up piecemeal the salaries of various individuals.

Mr. DOUGLAS. Mr. President, will the Senator yield for a further question?

Mr. FULBRIGHT. I yield for a question.

Mr. DOUGLAS. Was this provision for an increase in the salary of the general counsel of the Home Finance Agency contained either in the bill which the Senate passed or in the bill which the House committee reported?

Mr. FULBRIGHT. It was not contained in the Senate bill, and I am informed it was not in the House bill either.

Mr. DOUGLAS. It is something which was put in the bill drafted presumably by the man whose own salary was to be increased. Is that correct?

Mr. FULBRIGHT. I believe the Senator is correct that this man had an interest, I suppose, in seeing that that be done.

Mr. DOUGLAS. Does not the Senator from Arkansas believe that that is highly improper conduct?

Mr. FULBRIGHT. I do; and it is one of the provisions in the bill to which I object.

At this conference the general counsel advised us of this proposed method of procedure and indicated that he wanted our reaction to it. My reaction was that, quite aside from the merits of the bill, I did not propose to assume the responsibility of deciding whether or not the Senate would accept this measure. The Senate passed its own bill, as I have said, on May 24. That bill, so far as I am concerned, reflects the will of the Senate. The bill now before us presumably reflects the will of the House. The normal, and, indeed, necessary way to adjust differences between the two coequal legislative bodies is by a regularly appointed official conference committee. It is not proper for any sub rosa star chamber conference, between a few Members of either branch of the Congress, to decide in advance what either body will or will not do.

I believe in the procedure of an official conference committee. It has been worked out over a long period of time, and, while individual Members may often be disappointed in the results, they may have the satisfaction of knowing that there is a final and regular method of determining that result presumably reflecting the will of the Congress as a whole.

Therefore, I rejected this proposal for my own part, and it was my impression that the other two Senators present also rejected it. They can speak for themselves.

I intend no reflection on the House, any of its Members, or any of its committees. However, I implore those who did deliver this ultimatum to the Senate to consider the precedent they are establishing. I have moved that the Senate ask the House for a conference. Is not the Senate entitled to ask the House for a conference? It is, of course, for the House itself to decide whether it will grant a request of the Senate if such a request is made and to assume the responsibility for the consequences of either accepting or rejecting the request of the Senate.

Personally, I believe the House will accede to the solemn and formal request of the Senate until it acts to the contrary—and not before. I am not willing to proceed on the assumption which has been reported in the newspapers and through a messenger of the administration that the House will not honor such a request of the Senate, that it will deny the Senate an opportunity to confer with its own regularly appointed representatives in the normal way.

For, as I have indicated, consider what a precedent this would be. Would this mean that year after year, in the closing hours of the Congress, one House can force its will on the other and turn the Congress into a unicameral legislature? If Senators desire to uphold the right and dignity of the body in which they serve, they should vote to ask the House for a conference on this legislation.



Mr. CAPEHART. Mr. President, to the so-called Fulbright amendment, I offer the amendment which I send to the desk and I ask unanimous consent that it be not stated at this time, but that it may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, the Senator's amendment will be printed in the RECORD.

Mr. CAPEHART's amendment to Mr. FULBRIGHT's amendment is as follows:

On page 42, beginning with line 24, to strike out down through and including line 10, on page 45, and in lieu thereof, to insert the following:

"(1) Notwithstanding any other provision of law, the Authority may enter into new contracts for loans and annual contributions after July 31, 1956, for not more than 35,000 additional dwelling units, which amount shall be increased by 35,000 additional dwelling units on July 1, 1957, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: *Provided*, That the authority to enter into new contracts for annual contributions with respect to each such 35,000 additional dwelling units shall terminate 2 years after the first date on which such authority may be exercised under the foregoing provisions of this subsection: *Provided further*, That any balance of the authorization provided by this subsection, as amended by section 108 (b) of the Housing Amendments of 1955, not utilized by July 31, 1956, shall be available in any succeeding year: *Provided further*, That no such new contract for annual contributions for additional units shall be entered into except with respect to low-rent housing for a locality respecting which the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, as amended: *And provided further*, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress."

"(b) Clause (2) of the third proviso appearing in that part of the Independent Offices Appropriation Act, 1953, which is captioned 'Annual contributions:' under the heading 'Public Housing Administration' is repealed.

"SEC. 402. Section 101 (c) of title I of the Housing Act of 1949, as amended, is amended by inserting the following after the first comma therein: 'or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to August 1, 1956.'

"SEC. 403. Subsection (d) of section 21 of the United States Housing Act of 1937 is amended by striking out the figure '10' in both places it appears and inserting in lieu thereof the figure '15.'"

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART], to the amendment of the Senator from Arkansas [Mr. FULBRIGHT].

Mr. CAPEHART. Mr. President, the result of the substitute offered by the chairman of the Banking and Currency Committee, the Senator from Arkansas [Mr. FULBRIGHT], and the amendment which I have just offered to it is simply this: On May 21 the Senate passed a bill. The House passed a bill 2 days

ago on the same subject. The substitute offered by the Senator from Arkansas would restore the Senate bill in its entirety, and my amendment which is at the desk at the moment would strike out the language of the Senate bill as to public housing and substitute the House language for public housing.

The House language calls for 35,000 public housing units each year for 2 years. There are now approximately 55,000 houses authorized under previous laws, which have not been constructed, and they must be added. There would be a little more than 100,000 houses. The amendment which I have offered simply reduces the public housing units to 35,000 for 2 years.

I strongly urge that the Senate accept my amendment, and we shall be able to go to conference tomorrow. My best judgment is that in a couple of hours time we can straighten the matter out with the House and come back with a bill acceptable to everyone.

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. As I understand the amendment offered by the Senator from Indiana, it goes only to the public housing features and seeks to bring the public housing provision in line with what the House actually passed.

Mr. CAPEHART. In accordance with the House language concerning public housing.

Mr. SPARKMAN. And that includes public housing which the Senate committee in its bill and which the House committee in its bill have—

Mr. CAPEHART. It makes the total number of units for the next 2 years 35,000.

Mr. SPARKMAN. Plus the actual carryover, making a total of 115,000?

Mr. CAPEHART. We cannot know until the last half of this month. It all depends on whether we are talking about houses under contract or houses on which construction has actually been started.

Mr. SPARKMAN. I am talking about those which are under construction.

There is a question which I should like to ask the distinguished Senator aside from that. It relates to a provision in the bill which the House passed. I do not wish to take up too much time. The Senator is familiar with the provision which the House passed requiring the Department of Defense to buy all the Wherry housing projects throughout the country, is he not?

Mr. CAPEHART. I should say that if the Senate passed the bill with the amendment the able Senator from Arkansas has proposed, plus the amendment I have just offered, the language of the bill will be the language of the original Senate bill.

Mr. SPARKMAN. Will the question of Wherry housing be in conference?

Mr. CAPEHART. Everything in the bill will be in conference except public housing. As a result of my amendment, we will be agreeing with the House on public housing, thereby taking public housing out of the conference. Everything else will be in conference. We have

sought to place on the desk of each Senator a complete analysis of the bill which the Senate passed on May 24, the bill the House sent over today, and comments and analyses of each.

Mr. SPARKMAN. Inasmuch as it is most likely that the House will accede to the request of the Senate for a conference, and that the conference committee will meet tomorrow, and by that time the printed RECORD will be available to Senators, I think it might be quite relevant to place in the RECORD at this point a few facts. I should like to read them, if I may.

Mr. CAPEHART. I yield for that purpose.

Mr. SPARKMAN. This is from the report of the House Committee on Banking and Currency, which brings out these facts with reference to Wherry projects:

Since the inception of title VIII there have been 272 projects insured involving an aggregate of \$690,945,270. This amount includes 83,217 housing units.

Under the provision as it passed the House, the Department of Defense would be required to purchase that number of houses under a price formula which I believe the able Senator from Indiana will agree with me the Senate has never had an opportunity to examine, but which seems to me to have in it some features which would almost guarantee windfall profits, or certainly unreasonable profits, which the Department of Defense could be required to pay.

Does the Senator from Indiana agree with me?

Mr. CAPEHART. Yes; I am inclined to agree with the able Senator tonight; however, that is one of the purposes of the conference which we hope to have tomorrow with the House. We might have the House conferees explain in detail exactly what is meant by that section in respect to Wherry housing.

Mr. SPARKMAN. Would the Senator from Indiana permit me at this point to ask unanimous consent to have printed in the RECORD a letter dated July 25, 1956, addressed to me as chairman of the Subcommittee on Housing of the Committee on Banking and Currency, by Robert Tripp Ross, Assistant Secretary of Defense, relating to this program, and stating very strong opposition on the part of the Department of Defense to this particular provision?

Mr. CAPEHART. Yes; I yield for that purpose.

The PRESIDING OFFICER. Without objection—

Mr. CASE of South Dakota. Mr. President, reserving the right to object to the unanimous-consent request, let me say that, from my acquaintance with this subject as a member of the Subcommittee on Military Construction of the Committee on Armed Services, which deals with military housing, I share the views which the Senator from Alabama has expressed, that a directive to require the Secretary of Defense to buy Wherry housing under a price formula which would be adjusted to current costs will open the way to huge windfalls. In my judgment, that would be utterly unjustified, since, in the first place, the builders of houses got a guaranteed or an in-



sured loan. To make a price now which would be adjusted to current costs would add to the guaranty or insurance windfall that would come from whatever inflation may have taken place since the houses were originally built.

I certainly have no objection to having the letter from the Assistant Secretary of Defense printed in the RECORD. But I should like the conferees to know that if the report should come back from the conference accepting the House language on the Wherry housing provision, and directing the purchase of Wherry housing units, I shall oppose the adoption of the conference report with all the vigor I can command.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? The Chair hears none, and it is so ordered.

The letter is as follows:

ASSISTANT SECRETARY OF DEFENSE,  
Washington, D. C., July 25, 1956.

Hon. JOHN J. SPARKMAN,  
Chairman, Subcommittee on Housing,  
Committee on Banking and Cur-  
rency, United States Senate.

DEAR MR. CHAIRMAN: I should like to offer certain comments on the provisions of H. R. 12328 (Housing Act of 1956), which appears scheduled for early consideration on the floor of the House, and may be brought to a joint conference shortly thereafter.

The Department of Defense objects to the language of section 512 of this bill, which directs the Secretary of Defense to acquire Wherry projects. It is believed that should this section be enacted, the Department would be at a disadvantage in negotiating the purchase of such projects at terms which are in the best interests of the Government.

The Department of Defense supports the language contained in section 419 of the military construction authorization bill (H. R. 12270), which provides the necessary authority and a satisfactory formula for the acquisition of Wherry projects, without the enactment of additional legislation.

In addition, since the military construction authorization bill has passed the House and is expected to receive favorable Senate action, enactment of section 512 would require the Department of Defense to comply with inconsistent laws. Section 512 not only sets forth different provisions from those contained in the MCA bill, but it also makes mandatory the assumption of mortgages in connection with Wherry acquisition, while section 311 of the supplemental appropriations bill (H. R. 12138), as agreed to by Senate and House conferees, makes this permissive.

Furthermore, the Department opposes the establishment of a revolving fund for Wherry acquisition, as is provided by the amended section 404 (h) of the National Housing Act. Since the fund will be used for the purchase of equities as well as the payment of obligations, while being replenished to a considerable extent from the rentals of substandard quarters, it will not be possible to operate on a revolving-fund basis without periodic augmentation from other sources.

The Department of Defense proposes to take positive steps to acquire a substantial number of Wherry projects during the present fiscal year, but believes that such a program should proceed gradually on a negotiated basis in its initial stages, until a degree of experience has been gained.

The Department also objects to the language of section 509 of H. R. 12328, which makes mandatory the use of modular measure in the design of title VIII housing. A similar provision appears in section 108 (h) of S. 3855. The Department does support greater use of the principle of modular dimensioning, and is currently undertaking extensive stud-

ies to determine the benefits which may be expected from a more extensive use of this principle. However, a number of technical difficulties arise in broadening the use of modular measurements, and it is believed that such use should be permissive until greater experience has been gained. Moreover, section 509 would necessitate costly revisions to designs already underway, and would delay completion of urgently needed housing.

Section 418 of H. R. 12270 contains language which registers the intent of Congress in this matter, and which is satisfactory to the Department of Defense. Accordingly, it is believed that the enactment of section 509 of H. R. 12328 is not necessary at this time.

Sincerely yours,

ROBERT TRIPP ROSS.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Mississippi.

Mr. STENNIS. I invite the Senator's attention to title 512, on the acquisition of Wherry housing, which is the same point as was made by the Senator from South Dakota. The proposed law actually makes it mandatory that the Secretary of Defense shall buy Wherry housing, and also that he shall buy the personal property and the chattels which go with those houses. The formula then provides that he shall pay the cost adjusted to the current cost level. What does the Senator propose to do about that? Do I understand correctly that it is proposed to strike it out of the bill on the floor now?

Mr. CAPEHART. The Senator from Arkansas [Mr. FULBRIGHT] offered a substitute to strike out all after the enacting clause of the House bill and to insert in lieu thereof the language of the Senate bill.

Mr. STENNIS. Would that provision be included?

Mr. CAPEHART. We hope to have the bill go to conference, if the Senate agrees with us tonight, and in conference we shall take up with the House all the questions which the able Senator from Mississippi is asking, as well as many other questions.

Mr. STENNIS. We want to register our views now, for whatever they may be worth, for the benefit of the conference, so that the Senate conferees can make very vigorous objection to this provision in the bill.

Incidentally, there is in the military construction bill permissive authority for the Secretary of Defense to buy Wherry housing when he determines there is actual need for it. Then there is a formula under which he can buy it. Does the Senator agree to that position?

Mr. CAPEHART. As one of the conferees, I am opposed to the present language of the House bill. Unless it provides something which I do not see or do not understand, I shall be opposed to giving in to the House in respect to this provision.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. Is it not true that the provision requiring the Department of Defense to buy almost \$700 million of Wherry housing, at grossly inflated prices, is in the bill which was drafted

by the Housing and Home Finance Agency, under the direction of Mr. Cole and ex-Representative Hunter?

Mr. CAPEHART. The Senator from Illinois is wrong in that respect. They have been very critical about that. This provision was written by the House itself.

Mr. DOUGLAS. Where did this provision come from?

Mr. CAPEHART. It came from the House itself.

Mr. DOUGLAS. May I ask my good friend from Indiana if it is not true that, so far as public housing is concerned, the House bill fails to remove the very restrictive conditions concerning the direction of public housing, which in the past have virtually hogtied the program? Is it not true that those restrictive provisions are not removed by the House bill, whereas they were removed from the Senate bill?

Mr. CAPEHART. I think, in all fairness, my answer should be that there are certain restrictions in the House bill which are not in the Senate bill; but I cannot agree that public housing is restricted to the point where no houses can be built.

Mr. DOUGLAS. May I inquire from my friend from Indiana, who is in so amiable a mood, if the House Committee on Banking and Currency recommended not 35,000 units a year, but 60,000 units a year?

Mr. CAPEHART. The able Senator is correct.

Mr. DOUGLAS. Finally, may I ask my good friend from Indiana, why not have the entire Senate-approved bill for action in conference? Why remove the question of public housing from conference?

Mr. CAPEHART. That is a matter for the Senate to decide by its vote. If the Senate does not want to reduce the number to 70,000, it can say so by its vote—and I hope the vote will come in a few minutes. But if the Senate wants to agree with the House, then the Senate will adopt my amendment.

I think the best answer is that regardless of the number of houses which might be authorized in the bill, it will not be possible to have additional housing built between now and next year.

I am reliably informed—and I think the record of years gone by will prove it—that the House simply will not agree in conference to more than 70,000 public-housing units, as they have refused to do so in the past.

Mr. DOUGLAS. The Senator from Indiana was on the committee of conference last year, along with the Senator from Illinois. He will remember that the House members of the committee of conference kept saying they would not take any public-housing units. Yet, finally, after several meetings, we forced them to take 45,000 units a year.

Why does the Senator from Indiana think the House will be so much more overbearing this year than it was last year? What is the Senator from Indiana afraid of?

Mr. CAPEHART. I am afraid of nothing. I think my record proves it.

Mr. LEHMAN. Mr. President—

Mr. CAPEHART. I shall be glad to yield to the Senator from New York.



Mr. LEHMAN. I thank the Senator. Later I shall ask to speak in my own time to reply the Senator from Indiana, but I should like to ask him a question. If the proposal of the Senator from Indiana should prevail—and I sincerely hope it will not prevail; I cannot conceive that the Senate will agree to it—the number of public-housing units would be reduced to 35,000 a year for 2 years. That is identical with what is contained in the House bill. Is that correct?

Mr. CAPEHART. That is correct.

Mr. LEHMAN. Would that not completely preclude any discussion of public housing in conference?

Mr. CAPEHART. The able Senator from New York is 100-percent correct.

Mr. LEHMAN. I understand, from what the Senator from Indiana has previously said, that he favors a conference on this bill.

Mr. CAPEHART. Yes; I very much favor a conference, primarily because of the treatment the House gave the Wherry Housing provisions.

Mr. LEHMAN. I agree it is inconceivable that the Congress should proceed to enact legislation without the right of conference, and I am glad to hear the Senator say he agrees with that thought. I wonder, however, why the Senator should seek to exclude public housing from the purview of the conference. That would not be a conference. Under those circumstances, the cards would be stacked against us.

Mr. CAPEHART. There are three reasons. The first is that, of course, the President has advocated 35,000 units a year for 2 years. So the administration asked for only 70,000 units. Secondly, regardless of how many units are authorized, whether they be 35,000 or 350,000, there will not be a single additional unit until next year, when Congress meets again. Thirdly, I think we have every reason to believe that if we want a housing bill passed, and passed within a reasonable time, the Senate must give in on this particular point. I have been as frank as I know how to be.

Mr. LEHMAN. I appreciate that. While I do not agree with the Senator, I am sure he is being very fair.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. There is one thing I should like to say with reference to the restrictions referred to in the colloquy between the Senator from Illinois and the Senator from Indiana. We have been assured—and I want to ask the Senator from Indiana if this is not true, and it occurred in the conference at which he and the Senator from Arkansas and I were present—that this so-called workable plan would be administered in a reasonable way, so as not to restrict it, as was the experience for a couple of years.

Mr. CAPEHART. That is correct. I think the Senator will find a change in the language.

Mr. SPARKMAN. I wish to say I certainly would not be willing to support the bill at all unless what I have stated were the case.

In that connection, I ask unanimous consent to have printed at this point in the RECORD a brief statement I have pre-

pared regarding this workable program.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SPARKMAN ON  
WORKABLE PROGRAM

As the Senate knows, several times in the past I have voiced strong opposition to the so-called workable program requirement contained in section 101 (c) of the Housing Act of 1949. My opposition to the workable program requirement has not been in connection with its application to the urban renewal program, but rather with reference to its application to public housing.

I have said previously and I say again, that it is important that communities be encouraged to adopt a program designed to improve housing conditions and city planning. This the workable program does when it is applied as a prerequisite to Federal aid under the slum clearance or urban renewal programs.

However, in the past, the workable program has been required before a community is entitled to an allocation of public-housing units. I am convinced that originally the workable program requirement and other restrictions prevented many communities from obtaining allocations of public-housing units to which they would otherwise have been entitled. I cannot condone the imposition of these requirements upon communities if they are deliberately intended as a device to prevent communities from obtaining public housing. Last year I supported the successful attempt to eliminate these requirements from the law.

At present, while a community must have a "workable program" to secure Federal aid under the urban renewal plan, it need not have an approved workable program to get public housing.

In the last year, the requirements which a community must meet before receiving approval of its workable program have been relaxed. It is now far easier, I am advised, to obtain the approval of a workable program than it has been in the past. I have talked with several persons who have had close association with the workable program and am advised in most instances, first, that it is desirable as applied to the urban renewal program; and, second, that it is now far easier to obtain approval of a workable program than formerly.

I have received assurances from the Administrator of the Housing and Home Finance Agency that the workable program requirements will not be rigid as applied to large or small communities. The program, I am told, is now and will continue to be sufficiently flexible to permit smaller communities to obtain approval by means of reducing the number of requirements or the stringency of their applications to these smaller communities. Acting on these assurances, I am prepared to amend my previous position in opposition to the workable program.

If the program can be developed along flexible lines and will be administered in such a way that smaller communities can comply without unreasonable delays and expenditures and if the workable program requirement is not allowed to become an impediment to such public housing as may be desired by the community, I am willing to withhold my previous objections and to permit a trial period during which the workable program may be applied.

Mr. SPARKMAN. Mr. President, let me repeat some of the pertinent facts and figures with respect to the acquisition of Wherry Act projects. I think this data is of such importance that it might well influence the decisions of Senators when they vote on this important bill.

This amendment would strike section 512 of the bill (H. R. 12328) beginning on line 1, page 51, through line 24, page 57. Since the inception of title VIII of the National Housing Act, there have been 272 Wherry Act projects insured, involving an aggregate of insurance of \$690,945,270. These projects include 83,217 housing units. These projects are built on or near military installations principally for the use of military personnel stationed at those installations. They may also be used by civilian personnel. They are privately owned and privately financed. H. R. 12328 directs the Secretary of Defense to acquire all of these projects by one means or another. A formula is established for determining the purchase price. This price shall be not more than the Commissioner's estimate of replacement cost, plus or minus certain allowances.

This may or may not be an equitable formula. The fact is that we, on the Banking and Currency Committee, who have primary responsibility for the Wherry Act projects simply are not in a position to know. The Banking and Currency Committee did discuss in its hearings the problem of Wherry Act housing units. We heard that the new title VIII program referred to as Capehart military housing could have an adverse effect upon Wherry Act projects. It is entirely possible that the construction of a Capehart project near a Wherry Act project would attract tenants from the Wherry units into the Capehart units, thereby creating a possibility of default by the Wherry Act owners. We are, of course, anxious to avoid any such defaults if we possibly can.

However, in 1955, we provided by law that Wherry Act projects could be acquired for fair market value by purchase, donation, or condemnation. When the committee discussed this problem again in 1956, it was decided that the 1955 act was adequate to take care of any problem which might arise, and certainly to provide a means of acquisition of Wherry Act projects.

Subsequent to that date the Supreme Court announced a decision relating to the payment of taxes by Wherry Act project sponsors. This decision will undoubtedly have some effect upon the expenses of a Wherry Act project and may require additional legislation to prevent unnecessary default. This Supreme Court decision came after the Senate had passed its bill. It may well be that an event such as the Supreme Court decision that occurred subsequent to Senate passage of S. 3855 might require additional legislation. Members of the Senate Banking and Currency Committee stand ready to discuss this problem in a conference with the House. However, unless we go to conference, we shall not be given an opportunity to discuss this problem, and we can have no assurance that the language contained in H. R. 11742 would give any adequate protection to the Government or to the Wherry Act sponsors as a result of acquisition of these Wherry Act projects.

One of the most disturbing features about this provision in the House bill is the mandatory requirement that Wherry Act projects be acquired by the Federal



Government. This approach departs from past actions of the Senate Banking and Currency Committee, the Senate Armed Services Committee, and the House Armed Services Committee. All three of these committees recognize that acquisition could be advantageous to the Government or project owners under some circumstances and establish a procedure for acquisition in such cases.

H. R. 11742, however, assumes that the Federal Government is solely responsible for the construction of these projects, and requires the Government to buy the housing, regardless of whether it is needed. Admitting that there was a Federal impetus behind the construction of Wherry Act housing, there was, nevertheless, an element of business risk for profit or loss. Until the Senate has had an opportunity to thoroughly explore this basic assumption in the House bill, we should not adopt a wholesale purchase program which treats all projects more or less the same, and which could in many cases unjustly enrich project owners, or could saddle the Federal Government with housing for which it has no need.

Let me repeat that this problem has been considered by four committees of the Congress. Each of these committees has prepared a recommended solution to the problem of acquiring Wherry Act projects. The language contained in H. R. 11742 differs from all of the other approaches. It has not been considered by any committee of the Congress. I do not say the formula provided by H. R. 11742 is good or bad. I do say that the Congress should have an opportunity to consider it. If this amendment is accepted, it will permit the conferees of the House and Senate to discuss the problem and to arrive at a solution equitable to all concerned.

Mr. CAPEHART. Mr. President, I strongly urge that the Senate adopt my amendment to the substitute offered by the able Senator from Arkansas, adopt his amendment, as thus amended, and pass the bill in that form.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BUSH. I should like to say, in support of the Senator's motion, that I am very much disappointed, indeed, with the long delay in House action on the bill, thus placing this needed legislation in a position of danger. Also, I am very much disappointed by its attitude on public housing. I have consistently felt that the administration has not taken a broad enough view of the need for public housing, and I have consistently felt, with the Senator from New York, the Senator from Alabama, and other Senators on the committee, that the authorization for 35,000 units did not meet the situation realistically at all.

However, it is clear that only a day or two remain in the session, and that if the housing bill is to be passed, we may as well face the fact that we shall have to accept the 35,000-unit limitation. Otherwise, we may jeopardize the entire bill, which contains provisions relating to housing and urban renewal in disaster areas, which are extremely important to communities in my State.

Mr. President, I ask unanimous consent to have printed in the RECORD, at this point in my remarks, correspondence which I have had with Representative SPENCE, chairman of the House Committee on Banking and Currency.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

APRIL 18, 1956.

HON. BRENT SPENCE,  
*Chairman, Committee on Banking and  
Currency, House of Representatives,  
Washington, D. C.*

DEAR CHAIRMAN SPENCE: The Senate, by unanimous consent, approved today three disaster relief housing bills, S. 2854, S. 2855, and S. 2859. Copies of the bills, together with the committee reports, are enclosed for your ready reference.

Anything you can do to expedite action on these measures by the House of Representatives will be deeply appreciated.

With kindest regards, I am,  
Sincerely yours,

PRESCOTT BUSH,  
*United States Senator.*

MAY 21, 1956.

HON. BRENT SPENCE,  
*Chairman, Committee on Banking and  
Currency, House of Representatives,  
Washington, D. C.*

DEAR MR. CHAIRMAN: The Senate today approved, by unanimous consent, S. 3844, designed to expedite Federal urban renewal assistance to disaster areas by cutting red tape and eliminating certain rigid requirements of existing law. Copies of the bill and of the unanimous favorable report of the Senate Committee on Banking and Currency are enclosed for your ready reference.

The provisions of this bill were originally contained in the amendments to the Housing Act recommended by the administration. In the interest of saving time, possibly as much as 6 weeks, in making the benefits of the proposed legislation available to the communities so sorely afflicted by flood disasters during the past year, the Senate committee decided to report it as a separate bill.

It is my understanding that your committee will hold an executive session on Wednesday on this week. I respectfully urge that sympathetic consideration be given to the desirability of acting on S. 3844 and a companion bill, H. R. 11282, introduced by Congressman at Large ANTONI N. SADLAK, of Connecticut, promptly and favorably so that it may be voted upon by the House in the near future.

Very many of the flood-afflicted communities in my own State of Connecticut are in need of the proposed legislation, and I assume the same is true of municipalities in other States which were the victims of major disaster in the past year.

The rigid requirements of present law have created many difficult problems. As just one illustration, the town of Farmington, Conn., has applied for urban renewal assistance in areas which before the August 1955 floods were almost completely residential. To date, it has been unable to obtain such assistance because the flood waters destroyed so many homes that the areas can no longer be termed "predominantly residential" as required for eligibility under existing law.

Your committee will deserve, and will have the gratitude, of the people of Farmington and other affected communities if it takes prompt and effective action to remove this and other requirements of existing law which were never intended to apply in a post-disaster situation.

May I also renew my request that your committee act upon three other disaster relief housing bills, S. 2854, and S. 2855 and S. 2859, which were approved by the Senate almost 5 weeks ago. These measures are en-

tirely noncontroversial and, in my judgment, deserve separate treatment on a priority basis instead of being deferred for consideration along with the omnibus housing bill.

With kindest regards, I am,  
Sincerely yours,

PRESCOTT BUSH,  
*United States Senator.*

JUNE 25, 1956.

HON. BRENT SPENCE,  
*Chairman, House Committee  
on Banking and Currency,  
Washington, D. C.*

DEAR MR. CHAIRMAN: In reviewing H. R. 11742, the proposed Housing Act of 1956, which was reported by your committee recently, I note that it includes the provisions of two bills in which I am vitally interested, S. 2854, to increase the amount of mortgage insurance for disaster victims, and S. 3844, to expedite urban renewal assistance to disaster-affected communities.

Although separate action, in the interest of saving time, would have been preferable on these two measures, both passed by the Senate many weeks ago, I appreciate your committee's approval of their provisions as part of the general housing bill.

Two other disaster relief housing bills which I introduced with other Senators as cosponsors and which were approved by the Senate on April 18, 1956, the same day as S. 2854, are not included in H. R. 11742. These are S. 2855, to provide shelter for disaster victims, and S. 2859, relating to rent-free accommodations in low-rent projects for disaster victims.

I hope it will be possible for your committee to consider these bills in the near future and take such action as may be necessary to complete the process of enactment either through offering them as amendments to H. R. 11742 on the floor or by reporting them as separate bills.

As you know, S. 2855 and S. 2859 were approved by the Senate unanimously, and as disaster relief measures should be entirely noncontroversial within your committee. I am confident that favorable action by your committee will be gratefully noted not only by the people of my own and other States afflicted by the 1955 floods but also by those who may be affected by future disasters.

With kindest regards, I am,  
Sincerely yours,

PRESCOTT BUSH,  
*United States Senator.*

JUNE 30, 1956.

HON. BRENT SPENCE, *Chairman,  
House Committee on Banking and  
Currency, House of Representatives,  
Washington, D. C.*

DEAR MR. CHAIRMAN: In further reference to my letters of May 21 and June 21 concerning the advisability of separate action on S. 3844 and other bills arising from the flood disasters of 1955, I know you share my concern because of the decision of the Committee on Rules to table H. R. 11742, the proposed Housing Act of 1956.

As you are aware, S. 3844, to expedite urban renewal assistance to disaster-affected communities, and S. 2854, to increase the amount of mortgage insurance for disaster victims, were included in H. R. 11742. The prospects for their enactment as part of H. R. 11742 are made very doubtful because of the Rules Committee's apparent determination to keep that measure from reaching the House floor.

Under the circumstances, I hope your committee will decide to report out the Senate-approved bills, S. 3844, and S. 2854, as well as two others, S. 2855, to provide shelter for disaster victims, and S. 2859, relating to rent-free accommodations in low-rent projects for disaster victims.

I regret the necessity of bringing these bills to your attention so frequently. How-



ever, in view of the fact that they were approved by the Senate many weeks ago, it is becoming increasingly difficult to explain to people in the flood-affected areas of my own State and others why the House has been unable to take action. If the House has an opportunity to act on these measures, dealing as they do with disaster relief, I am sure they will be approved overwhelmingly and sent to the President for his signature. I strongly urge that your committee give the House the opportunity to do so.

With kindest personal regards, I am,

Sincerely yours,

PRESCOTT BUSH,  
United States Senator.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. CAPEHART. Mr. President, I shall be glad to yield.

Mr. RUSSELL. I merely wish to make a brief observation about the provisions of the bill as they relate to the so-called Wherry housing projects. We are not dealing with "peanuts" in those projects. There is involved some 7 or 8 hundred million dollars. I cannot conceive of anything which would be more injurious to the national interest than to adopt any proposition that compelled us to acquire all of these projects under the formula prescribed in the House bill. Personally, I like the formula prescribed in the military construction bill, and I hope those who represent the Senate in conference will give some consideration to that formula. It would be the height of folly for the Congress to direct the Government to acquire 7 or 8 hundred million dollars' worth of housing under present conditions.

We see a great many reports of what will be the size of the various military establishments over the next 2 or 3 years. Forces are being constantly shipped from one area to another. If we were to authorize the acquisition of all of these projects, including personal property, under the formula provided by the bill, it could well result in a loss of two or three hundred million dollars to the National Treasury. So far as I am concerned, I would oppose a conference report which went to that extreme degree. It could only result in the Government's buying the houses from anybody who, under the free enterprise system, undertook the hazard of building the Wherry housing projects.

Mr. CASE of South Dakota. Mr. President, will the Senator from Georgia yield?

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Does the Senator from Georgia yield to the Senator from South Dakota?

Mr. RUSSELL. I yield.

Mr. CASE of South Dakota. Not so much hazard, because the loans were insured.

Mr. RUSSELL. Of course the loans were insured. Not only that, but in many cases rents have been collected from them for 7 or 8 years. This formula is most unrealistic, and the Government will be bilked if the Senate accepts any such proposition as the one included in the bill.

Mr. CAPEHART. Mr. President, I wish to assure the Senator from Georgia that, as one of the conferees, I certainly will do what he is urging.

Mr. RUSSELL. I thank the Senator from Indiana.

Mr. SALTONSTALL. Mr. President, will the Senator from Georgia yield to me?

Mr. RUSSELL. I yield.

Mr. SALTONSTALL. I wish to reaffirm what the Senator from Georgia has said. The Armed Services Committee has gone into this problem with a good deal of care, and what the Senator from Georgia has stated so ably is the conclusion reached as a result of our discussions; namely, that the Government should take over this housing on a voluntary basis, but not on a compulsory basis.

Mr. RUSSELL. And certainly at some reasonable standard of value. We should not pay more than the fair market value of these units, because in most cases a considerable amount of rent has been collected.

Mr. President, I hope the conferees will give attention to the provision for military housing; I refer to what was known as the Capehart provision. If we proceed to reduce the strength of our Armed Forces by several hundred thousand men, on the theory that the development of new weapons makes such a reduction advisable, it certainly will not be necessary to construct the large amount of housing provided for in the Senate version of the bill. I hope the Senator from Indiana will not proceed on the basis of pride of authorship; I hope that for that reason he will not take the position that the amount of housing provided for in the Senate version of the bill should be constructed. We have become so involved with tremendously large sums of money that the ordinary Senator uses almost interchangeably the terms "billion dollars" and "million dollars"—except in the case of the few Senators who themselves have millions of dollars.

But the sum of money involved in this case is an extremely huge one. If necessary, we should reject the entire bill, rather than commit the Government to such a project.

Mr. CAPEHART. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. CAPEHART. My position is—and I am certain it is the position of the Senator from Georgia and of all other Senators—that we wish to provide living quarters for the married personnel in both the Army, the Navy, and the Air Force, regardless of how large or how small those Armed Forces are, and that we should use good common sense as to the building of the quarters.

Mr. RUSSELL. And the Congress should keep in touch with the program, in view of some of the terrific mistakes which were made under the Wherry housing program.

Mr. STENNIS. Mr. President, will the Senator from Georgia yield to me, so that I may present some figures in connection with this matter?

Mr. RUSSELL. I yield.

Mr. STENNIS. I should like to point out that now in the process of being contracted for is approximately \$1 billion worth of this family housing for the military. Under the House version of

the bill, which came to us a while ago, there is an authorization for approximately \$1,500,000,000. The Senate version of the bill, which is offered as a substitute for the House version, would authorize \$3 billion more for this military housing. Mr. President, we are just running away on the subject of military housing, to the extent of billions of dollars' worth. The same news article that carries the story of a balanced budget can carry the story of congressional authorization for an additional \$3 billion for military family housing which is not reflected in that budget.

At one time the military said they needed only 50 percent of the possible capacity that they expected to build. Now they mention 90 percent.

I certainly agree with the Senator from Georgia that it is far beyond what we need; and in this case the amounts are running into the billions of dollars—fantastic sums of money.

Mr. RUSSELL. Mr. President, the Senator from Mississippi is eminently correct.

Mr. President, I here and now predict that even as we are being called on in this measure to bail out those who built Wherry housing, if we authorize this \$3 billion of financed housing under this bill, in 2 or 3 years the Senate will be called on to bail out, at the expense of the taxpayers, those who have constructed these projects. This is a matter with which we should proceed very slowly. It involves vast sums of money. It sounds very simple to say that we shall let a contract with a guaranteed loan. But if the Government moves a military post, we shall wind up with an obligation on the back of the same old man, the American taxpayer, under the provisions of the original contract.

This is a matter with which we should proceed with extreme care. I urge those who represent the Senate to keep this expenditure at a very minimum, at least until we know something about what will be the composition of the Armed Forces of the United States over the next 2 or 3 years.

Mr. LEHMAN. Mr. President, I rise to support the amendment of the distinguished chairman of the Banking and Currency Committee [Mr. FULBRIGHT] to substitute the Senate bill, as is, for the House bill.

I particularly rise to oppose the amendment offered by the distinguished Senator from Indiana [Mr. CAPEHART] to the amendment of the Senator from Arkansas.

Early in this session—I believe in January, or not later than the early part of February—the Banking and Currency Committee, of which I have the honor to be a member, initiated hearings on housing legislation. We heard from hundreds of witnesses over a period of 4 months. They testified at a great many hearings. We sought the best counsel we could get, from various segments of the people of this country. We took counsel with builders, architects, social workers, experts in housing, and people who are thoroughly familiar with the needs of the country in relation to public housing.



It was testified that there should be built each year in this country, in order to catch up with the accumulated backlog and care for the current needs, a minimum of 2 million new houses, of which 200,000 should be in the form of public housing units.

On May 24, after 4 months of hearings, the Senate passed the housing bill reported by the Committee on Banking and Currency. On June 12, the House Committee on Banking and Currency reported a basically sound housing bill, although it was deficient in certain particulars, especially with reference to the size of the public housing program. Like the Senate bill, it had no provision for families of middle income.

We have heard a great deal about military housing, and about the Wherry housing, so-called. I think it is a subject of great importance.

I am in agreement with what has been said by many of my colleagues tonight. I believe that the provisions of the House bill would be dangerous and costly to this Government, but, after all, the heart of the housing proposals is basic assistance to families of low income, through new public housing, including proper provisions for our senior citizens. That is today, as it was when public housing was first adopted, the basic and fundamental purpose of any housing bill. We can gloss over it as much as we like, but it is still the fundamental purpose and justification for a housing bill.

The bill of the Senate which was passed on May 24 provided for 135,000 units of public housing, and 15,000 additional units for elderly people.

That was the minimum which the Committee on Banking and Currency felt it should report and recommend to the Senate. Mr. President, at the hearings it was clearly disclosed that the opposition to the amount recommended and that the recommendation for a vastly smaller amount came from Mr. Cole, the Administrator. He testified at the hearings. On page 103 of the Senate hearings I had this exchange with Mr. Cole:

Senator LEHMAN. I thought public housing was based on need, was based on the desire of the Nation to take care of people who need governmental assistance.

Mr. COLE. The 35,000 units recommended by the administration are based upon the demand largely, and, frankly, on the fact that Congress would not give any more.

Mr. President, there is not one word in the testimony taken at the many hearings which disclosed a need for public housing units less in number than recommended by the committee and included in the bill which was passed by the Senate.

It is no business of the administrator of an agency to tell Congress that he bases his estimate of what is needed on what he thinks Congress will agree to give him. That is an attempt to legislate by a man who I consider has little to recommend him as an administrator of this important activity.

We are told that if we do not agree to the House bill, the House will not meet us in conference. I cannot believe that the House would take such a position. I cannot believe that 1 of the 2 coordinate bodies of Congress would seek to con-

trol the actions of the other body in a manner which would be clearly indicated if the House refused to meet a committee of the Senate in conference. If I did believe it, I certainly would under no circumstances be willing to agree to it.

However, the House originally approved 60,000 units of public housing. Under the provisions of the rule imposed on the House the number was later reduced to 35,000 units, and no public housing whatever was provided for elderly people. The administration insisted on a totally inadequate low-rent public housing program and no housing for the elderly. It is not content to permit tested and democratic legislative processes to function. It is afraid to permit Congress as a whole to work its combined will. It harks back, Mr. President, to the tactics of the Administrator and his General Counsel when they were Members of the House, and were voluble and violent opponents of the public housing program they are now called upon to administer by the present administration.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. LEHMAN. Mr. President, I would not be a party to the surrender of the responsibility, the integrity, and, yes, the dignity of the Senate to the Executive, even though I might be in total agreement with the Executive. Differences between this and the other body must be adjudicated in the proper forum of a conference between the Senate and the House of Representatives. It is inconceivable to me that any Member of the Senate could vote otherwise.

However, Mr. President, we must not forget that if we agree to the amendment of the Senator from Indiana [Mr. CAPEHART], we will have no opportunity of negotiating in conference. I call that to the attention of the Senator from Indiana.

Mr. CAPEHART. The able Senator from New York is absolutely correct.

Mr. LEHMAN. In other words, we are surrendering our right to confer and negotiate on, and to consider public housing, if we adopt the amendment offered by the distinguished Senator Indiana.

Mr. President, I cannot believe that the Senate will agree to any such surrender or compromise or such tying of its hands as an independent body of Congress. Therefore I hope with all my heart that the amendment offered by the Senator from Indiana will be defeated.

SEVERAL SENATORS. Vote! Vote!

Mr. DOUGLAS. Mr. President, I hope very much that the amendment of the Senator from Indiana will be rejected. On the question of the adoption of his amendment I ask for a division.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART] to the amendment offered by the Senator from Arkansas [Mr. FULBRIGHT].

Mr. LEHMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEHMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEHMAN. Mr. President, I ask for the yeas and nays on the amendment offered by the Senator from Indiana.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered to the amendment of the Senator from Arkansas by the Senator from Indiana. [Putting the question.] The "ayes" seem to have it—

Mr. LEHMAN. Mr. President, I ask for a division.

On a division, the amendment to the amendment was agreed to.

Mr. RUSSELL. Mr. President, I offer an amendment to the amendment of the Senator from Arkansas and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Georgia to the Fulbright amendment will be stated.

The CHIEF CLERK. On page 12, line 3, it is proposed to strike out "\$3,000,000," and insert in lieu thereof "\$2,300,000"; and on line 6 to strike out "September 30, 1959," and insert "December 31, 1957."

Mr. CAPEHART. Mr. President, I see no objection to that amendment.

Mr. RUSSELL. Mr. President, the purpose of the amendment is to take care of houses which are on airbases and to give us a chance to look the situation over before spending millions of dollars.

Mr. FULBRIGHT. I accept that modification of my amendment.

Mr. HUMPHREY of Minnesota. Mr. President, I wish to say that I cannot support an amendment which would cut down the housing units so greatly.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia to the so-called Fulbright amendment.

The amendment to the amendment was agreed to.

The question is on agreeing to the amendment of the Senator from Arkansas [Mr. FULBRIGHT], as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. FULBRIGHT. Mr. President, I move that the Senate insist on its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. FULBRIGHT, Mr. SPARKMAN, Mr. DOUGLAS, Mr. LEHMAN, Mr. CAPEHART, Mr. LAIRD, and Mr. BENNETT conferees on the part of the Senate.



Mr. LEHMAN. Mr. President, I cannot serve on any conference committee which is estopped from discussing the most important part of the bill.

Mr. CAPEHART. Mr. President, I think it is unfair for the able Senator from New York to make any such statement, for the simple reason that the Senate has just voted on the matter.

The PRESIDING OFFICER. The Chair appoints the Senator from Oklahoma [Mr. MONROE] as a member of the conference committee on the part of the Senate, in place of the Senator from New York [Mr. LEHMAN].

#### ANNUITIES FOR WIDOWS OF JUDGES—CONFERENCE REPORT

Mr. EASTLAND. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11124) to amend title 28, United States Code, to provide for the payment of annuities to widows and dependent children of judges. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The Legislative Clerk read the report.

(For conference report, see House proceedings of today).

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. EASTLAND. Mr. President, the Senate amended the bill as passed by the House, by increasing from 1½ to 3 percent the contributory amount required of Federal judges. The conferees concurred in this feature of the Senate amendment, which now is contained in the conference report.

Mr. GORE. Mr. President, will the Senator from Mississippi yield?

Mr. EASTLAND. I yield.

Mr. GORE. The Senator from Mississippi has just stated to the Senate the first item in disagreement. Is it not true that as the bill came to the Senate, it provided that Federal judges would contribute only 1½ percent of their salaries, and that under that version of the bill it was possible for a Federal judge to pay only 1½ percent of only one month's salary, and thereafter his widow would be entitled to a pension of \$5,300 per year for the remainder of her life?

Mr. EASTLAND. Yes, subject to the 10 percent deduction of his unpaid contributions. Now that provision is taken out, and a Federal judge will contribute 3 percent of his salary on a mandatory 5-year contribution in order to qualify.

Let me tell the distinguished Senator from Tennessee that the Members of Congress pay 6 percent of their salaries into a retirement fund. Of that 6 percent about 1¼ percent goes into a fund for the widows of Members of Congress. In other words, Members of Congress contribute about 1¼ percent of their salaries for a pension for the widows of Congressmen, and the balance goes to the retirement program.

Under this bill a Federal judge will contribute 3 percent of his salary for the identical pension for which a Member of Congress pays 1¼ percent. The reason for that increased payment by a judge is that he receives a salary for life.

Mr. GORE. Mr. President, will the Senator from Mississippi yield further to me?

Mr. EASTLAND. I yield.

Mr. GORE. I believe the Senator from Mississippi is slightly in error when he uses the word "identical". When a Member of Congress retires, he must make an election as to the survivor benefits of his wife.

If he elects survivorship benefits for his wife, his own annuity is thereby reduced. Likewise, the time that the former member draws an annuity, it reduces the amount to which his widow will ultimately be entitled; so to that extent it is not the same.

Let me ask the Senator this question: As I understand, the conferees have retained the amendment adopted by the Senate, to require Federal judges to pay 3 percent of their salaries. Is that true?

Mr. EASTLAND. That is true.

Mr. GORE. In the bill as it came to the Senate there was no requirement that a judge pay for 5 years before his widow would be entitled to an annuity. Have the conferees also retained the 5-year provision?

Mr. EASTLAND. The conference agreement is this: A judge contributes 3 percent of his salary. He must pay for 5 years to be eligible to participate in the fund. Then he can buy back whatever of his previous service he desires.

We took into the program about 110 or 120 living widows. The staff of the House Judiciary Committee states that the highest of those pensions would be either \$2,700 or \$2,900 a year. The lowest would be \$900 a year. The average would be approximately \$2,200 a year.

Dr. Myers, of the Social Security Administration, gave the distinguished Senator from Tennessee his figures on this subject and sat with us in the conference. We have molded the bill just as nearly as possible to the retirement program for Members of Congress. That is largely what it is.

Mr. GORE. Mr. President, will the Senator further yield?

Mr. EASTLAND. I yield.

Mr. GORE. I wish to congratulate the Senator upon bringing back to the Senate a bill which is much improved over the bill which originally came from the other body.

I invite the Senator's attention to the fact that there is still a basic question, it seems to me, as to the advisability of conferring survivorship benefits of a retirement system upon the survivors of men who have never been members of the system, who are not now members of the system, and for whom it is not contemplated that membership in the system will ever occur. I think that is a basic question. However, I think the bill is much improved over what it was.

The Senator has stated the improvements which have been made. I point out that for widows of former judges

the bill will provide an annuity up to \$2,700 or \$2,900 a year. That is not an unconscionably large amount, but I wish to compare it with the \$5 a month about which we debated for so long on the floor of the Senate for the needy old people. I understand that in conference that \$5 has been reduced to \$2.50 a month.

As the bill came to the Senate pensions would have been given free to widows of former judges, to the extent of \$5,000 or \$6,000 per year. The Senator has done a fine job in helping to bring this bill more nearly into conformity with the congressional retirement system, and I congratulate him.

Mr. EASTLAND. I thank the distinguished Senator.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement which I have prepared on this subject.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR EASTLAND

I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill, H. R. 11124, to amend title 28, United States Code, to provide for the payment of annuities to widows and dependent children of judges.

The Senate amended the House-passed bill by increasing from 1½ percent to 3 percent the contributory amount required of Federal judges. The conferees concurred in this feature of the Senate amendment, which is now contained in the conference report.

The second item of conference was in relation to the right of a widow to obtain the annuity if a judge had failed to make deposits as required. The conference version allows the widow to accept the annuity with a reduction of 10 percent per year of the amount which the judge would have contributed to the fund after having paid in the 5-year mandatory amount had he made the total subsequent contributions. The conferees on the part of the Senate receded from this position and accepted the House version as amended.

The next item in conference by reason of the Senate amendment concerned subsection (g) of the bill. The House version provided that a judge who elected to bring himself within the purview of the statute was eligible after having rendered at least 5 years of civilian service. The Senate version required that such service be as a judge of the United States, as defined in section 451 of title 28 of the United States Code. It further required that for this 5-year period contributions or deposits must have actually been made. The conferees agreed that the 5-year contributions should be made before a judge could be eligible to qualify for annuity, but also agreed that the 5-year payment should be of either judicial or civilian service, or both.

The next item in conference was in relation to the amendment of the Senate which provided that in the case of orphan children the amount payable to each orphan child should be not to exceed \$480 per year. The conferees on the part of the House accepted this portion of the amendment.

The final item in conference applied to now existing widows. The House version of the bill made provision for existing



widows of judges to participate as annuitants on the same basis as other widows, provided there was a 10 percent deduction of what their husbands would have contributed by reason of their allowable service. The Senate amendment struck the provision in regard to existing widows from the bill. The conferees agreed to reinstate the House provision with an amendment which would not require these widows to pay the 5-year mandatory contribution to be made by the judges which I have heretofore mentioned. This was necessitated by reason of the fact that the judge, now being deceased, could not make a contribution and that it would be unfair to require the widow to make the 5-year contribution before she could become eligible, particularly in light of the fact that she is subject to the 10-percent yearly reduction from her annuity to make up for what the judge would have contributed in order to become eligible.

Mr. President, I move that the Senate agree to the conference report.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. EASTLAND. I yield.

Mr. LANGER. What Federal judges are included?

Mr. EASTLAND. All United States judges.

Mr. LANGER. Are judges of the Court of Customs and Patent Appeals included?

Mr. EASTLAND. All Federal judges are included.

Mr. LANGER. Does that include judges of the circuit court?

Mr. EASTLAND. Yes; they are United States judges.

Mr. LANGER. Of course, they hold office for life.

Mr. EASTLAND. They are all included.

Mr. LANGER. Are judges of the Court of Claims included?

Mr. EASTLAND. Yes.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

#### UNEMPLOYMENT IN CERTAIN ECONOMICALLY DEPRESSED AREAS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the immediate consideration of Order No. 2596, Senate bill 2663.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2663) to establish an effective program to alleviate conditions of excessive unemployment in certain economically depressed areas.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Labor and Public Welfare with an amendment, to strike out all after the enacting clause and insert:

That this act may be cited as the "Area Redevelopment Act."

#### FINDINGS OF FACT

SEC. 2. The Congress hereby finds and declares that the maintenance of the national economy at a high level of prosperity and employment is vital to the best interests of the United States and that the existence of substantial and persistent unemployment or underemployment in certain areas of the Nation is jeopardizing the health, standard of living, and general welfare of the Nation. It is therefore the purpose of this act to provide assistance to communities, industries, enterprises, and individuals in areas needing redevelopment to enable them to expand and adjust their productive activity to alleviate substantial and persistent unemployment or underemployment within such areas by providing new employment opportunities and developing and expanding existing facilities and resources without reducing employment in other areas of the United States.

#### AREA REDEVELOPMENT ADMINISTRATION

SEC. 3. In order to carry out the purposes of this act, there is hereby established, within the executive branch of the Government, an Area Redevelopment Administration. Such Administration shall be under the direction and control of an Administrator (hereinafter referred to as "the Administrator") who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be compensated at the rate of \$17,500 per annum.

#### ADVISORY COMMITTEES

SEC. 4. (a) There is hereby established a Government Advisory Committee on Area Redevelopment which shall be composed of the following members: The Administrator, as Chairman, the Secretary of the Interior, the Secretary of the Treasury, the Secretary of Defense, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Secretary of Health, Education, and Welfare, the Administrator of the Small Business Administration, the Administrator of General Services, the Administrator of the Housing and Home Finance Agency, and the Director of the Office of Defense Mobilization. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Administrator relative to the carrying out of his duties under this act, and the Administrator shall, in carrying out such duties, consult with such Committee, or any duly established subcommittee thereof. Such Committee shall hold meetings at the call of the Chairman, and such meetings shall be held at least twice during each calendar year.

(b) The Administrator shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of 12 members and which shall be composed of representatives of labor, management, agriculture, and the public in general. From the members appointed to such Committee the Administrator shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Administrator relative to the carrying out of his duties under this act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Administrator is authorized from time to time to call together and confer with representatives of the various parties in interest from any industry in which employment has dropped substantially over an extended period of years and which in consequence has been a primary source of high levels of unemployment in several areas designated by the Administrator as redevelopment areas. Conferences convened under authority of this subsection shall consider with and recommend to the Administrator plans and programs with special reference to any such industry to carry out the purposes of this act.

#### REDEVELOPMENT AREAS

SEC. 5. (a) The Administrator shall designate as "industrial redevelopment areas" those industrial areas within the United States in which he determines that there has existed substantial and persistent unemployment for an extended period of time. Any industrial area in which there has existed unemployment of not less than (1) 12 percent of the labor force for the 12-month period immediately preceding the date on which an application for assistance is made under this act, (2) 8 percent of the labor force during at least 15 months of the 18-month period immediately preceding such date, or (3) 6 percent of the labor force during at least 8 months in each of the 2 years immediately preceding such date, shall be designated an "industrial redevelopment area."

(b) In addition to those areas designated under subsection (a), the Administrator shall designate as "rural redevelopment areas" those rural areas within the United States (not exceeding at any one time 15 counties in any 1 State or 300 counties in the United States) in which he determines that there exist the largest number and percentage of low-income farm families, and a condition of substantial and persistent underemployment. In making the designations under this subsection, the Administrator shall consider among other relevant factors the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the farm families in each such area to the general levels of income in the same area, the current and prospective employment opportunities in each such area, and the availability of farm manpower in each such area for supplemental employment.

(c) In making the determinations provided for in this section, the Administrator shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

(d) Upon the request of the Administrator, the Secretary of Labor, the Secretary of Agriculture, and the Director of the Bureau of the Census are respectively authorized to conduct such special studies, obtain such information, and compile and furnish to the Administrator such data as the Administrator may deem necessary or proper to enable him to make the determinations provided for in this section. The Administrator shall reimburse, out of any funds appropriated to carry out the purposes of this act, the foregoing officers for any expenditures incurred by them under this section.

(e) As used in this act, the term "redevelopment area" refers to any area within the United States which has been designated by the Administrator as an industrial redevelopment area or a rural redevelopment area.

#### LOCAL AND REGIONAL COMMITTEES

SEC. 6. (a) The Administrator, upon determining that any area is a redevelopment area, shall appoint a local redevelopment committee (hereinafter referred to as a "local committee"), to be composed of not less than seven residents of such area who, as nearly as possible, are representative of labor, commercial, industrial, and agricultural groups, and of the residents generally of such area. In appointing such local committee, the Administrator shall include therein all members of existing local redevelopment committees who are willing to serve. Each local committee shall prepare







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Oreg. This bill will now be sent to the President. An identical bill, H. R. 7726, was laid on the table. p. 13824

Passed without amendment S. 3227, to authorize the Little Wood River project, Idaho. This bill will now be sent to the President. Earlier in the day agreed to a resolution for consideration of H. R. 7850, a companion bill, which was then laid on the table. pp. 13837, 13910

10. REPORTS were received from the Government Operations Committee as follows:  
Civil Defense and National Survival (H. Rept. 2946)  
Availability of information from departments and agencies (H. Rept. 2947)  
Improper use of Government equipment and personnel (H. Rept. 2948)  
Federal role in aviation (H. Rept. 2949)  
Purchase-resale transactions of Commodity Credit Corp. (H. Rept. 2952)  
Operations of Federal Bureau of Public Roads (H. Rept. 2953). p. 13959

SENATE

11. MUTUAL SECURITY APPROPRIATION BILL, 1957. Agreed to the conference report on this bill, H. R. 12130. This bill will now be sent to the President. Sen. Hayden inserted a table showing the amounts in the bill as passed by the House and Senate and as agreed to in conference. p. 13788
12. APPROPRIATIONS. Sen. Hayden inserted a table reflecting the action of the House and Senate on the regular and supplemental appropriation bills in the 2nd session of the 84th Congress. p. 13790
- Both Houses received and
13. FLOOD CONTROL. /agreed to the conference report on H. R. 12080, the omnibus Army flood control bill. This bill will now be sent to the President. p. 13777
14. HOUSING. Both Houses <sup>received and</sup> agreed to the conference report on H. R. 11742, to extend and amend housing laws, including farm housing provisions. This bill will now be sent to the President. pp. 13782, 13854, 13925
15. FLOOD INSURANCE. Both Houses agreed to the conference report on S. 3732, to provide insurance against flood damage. This bill will now be sent to the President. pp. 13788, 13934, 13872
16. SOCIAL SECURITY. Agreed to the conference report on H. R. 7225, the social security bill. This bill will now be sent to the President. p. 13791
17. FISHERIES; WILDLIFE. Agreed to the conference report on S. 3275, the fisheries-wildlife bill (see item 4 above). This bill will now be sent to the President. p. 13637
18. FARM LABOR. Passed with amendment H. R. 6888, providing for admission into the U. S. of certain aliens skilled in shepherding. p. 13680
19. PROPERTY; TAXATION. Debated, but did not take final action on, S. 4183, to authorize payment to local governments of sums in lieu of taxes and special assessments with respect to certain Federal real property. pp. 13712, 13718, 13731, 13733, 13735, 13743, 13762
20. LAND TRANSFER. Agreed to the House amendment to S. 2585, authorizing exchange of land at the Beltsville Research Center. The amendment exempts the Coneross watershed project, S. C., from congressional review. This bill will now be sent to the President. p. 13709
- Passed without amendment H. R. 9640, to require the Secretary of Agricul-



ture to release certain restrictions on the real property heretofore conveyed to the West Marks Baptist Church of Quitman, Miss. This bill will now be sent to the President. p. 13725

21. POINT-OF-ORDER.BILL. Passed without amendment H. R. 11682, providing permanent legislation for various provisions heretofore authorized by appropriation acts, authorizing a Forest Service working capital fund, etc. This bill will now be sent to the President. p. 13636
22. POULTRY INSPECTION. Sen. Murray spoke in favor of mandatory poultry inspection and inserted a magazine article on this subject. p. 13628  
Sen. Morse spoke in favor of such inspection and inserted an article on the matter. p. 13896
23. ELECTRIFICATION; and Sen. Neuberger  
23. RECLAMATION. Sen. Morse/inserted articles favoring the Hells Canyon Dam. pp. 13897, 13625
24. FARM PROGRAM. Sen. Martin, Iowa, praised the Administration's farm policies and inserted his statement, "Fifty Facts for Farmers." p. 13773
25. PERSONNEL. Agreed to a concurrent resolution to correct certain clerical errors in H. R. 7619, the executive pay and retirement bill. p. 13775
26. EXPENDITURES; PERSONNEL. Sen. Byrd submitted the report of the Joint Committee on Reduction of Nonessential Federal Expenditures on Federal employment and pay for June. p. 13617
27. MINING CLAIMS. Concurred in the House amendments to S. 3941, relating to certain mining claims which were eligible for validation under the act of Aug. 12, 1953, but which were not validated solely because of failure of the owners to take certain action to protect their claims within the prescribed period. This bill will now be sent to the President. p. 13743
28. SURPLUS COMMODITIES. Sen. Stennis commended the program of using foreign currencies received from the sale of surplus agricultural commodities in the construction of foreign military family housing, and suggested the possibility of enlarging the program. p. 13709
29. MONOPOLIES. The Judiciary Committee reported with amendments H. R. 9424, to amend the Clayton Act by requiring prior notification of corporate mergers (S. Rept. 2817). p. 13616  
The Small Business Committee submitted its report on the study of fair trade (S. Rept. 2819). p. 13617
30. BUDGET BUREAU. Both Houses passed without amendment S. J. Res. 199, to authorize an additional position of Assistant Director of the Bureau of the Budget (pp. 13734, 13937). This joint resolution had been reported by the Senate Post Office and Civil Service Committee without amendment earlier in the day (S. Rept. 2824)(p. 13616). This measure will now be sent to the President.
31. ELECTRIFICATION. Sen. Humphrey inserted a statement and commented on the extent of the Government's investment in hydroelectric public power. p. 13757
32. COTTON. Sen. Stennis inserted his statement concerning the problem of cotton textile imports. p. 13710

## HOUSING ACT OF 1956

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JULY 27, 1956.—Ordered to be printed

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Mr. SPENCE, from the committee of conference, submitted the following

### CONFERENCE REPORT

[To accompany H. R. 11742]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Housing Act of 1956"*.

### TITLE I—FHA INSURANCE PROGRAMS

#### PROPERTY IMPROVEMENT LOANS

SEC. 101. (a) (1) *Section 2 (a) of the National Housing Act is amended by striking out "September 30, 1956" and inserting in lieu thereof "September 30, 1959".*

(2) *The proviso in the second paragraph of section 2 (a) of such Act is amended to read as follows: "Provided, That this clause (iii) may in the discretion of the Commissioner be waived with respect to the period of occupancy or completion of any such new residential structures".*

(b) *Section 2 (b) of such Act is amended—*

(1) *by striking out "made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds \$2,500, or for the purpose of financing the construction of new structures exceeds \$3,000" and inserting in lieu thereof "exceeds \$3,500";*



(2) by striking out "except that" in clause (2) and inserting in lieu thereof "except that the Commissioner may increase such maximum limitation to five years and thirty-two days if he determines such increase to be in the public interest after giving consideration to the general effect of such increase upon borrowers, the building industry, and the general economy, and"; and

(3) by striking out "\$10,000" and inserting in lieu thereof "\$15,000 nor an average amount of \$2,500 per family unit".

(c) Section 2 (b) of such Act is further amended by striking out "Provided, That" and inserting in lieu thereof the following: "Provided, That any such obligation with respect to which insurance is granted under this section on or after sixty days from the date of the enactment of this proviso shall bear interest, and insurance premium charges, not exceeding (A) an amount, with respect to so much of the net proceeds thereof as does not exceed \$2,500, equivalent to \$5 discount per \$100 of original face amount of a one-year note payable in equal monthly installments, plus (B) an amount, with respect to any portion of the net proceeds thereof in excess of \$2,500, equivalent to \$4 discount per \$100 of original face amount of such a note: Provided further, That the amounts referred to in clauses (A) and (B) of the preceding proviso, when correctly based on tables of calculations issued by the Commissioner or adjusted to eliminate minor errors in computation in accordance with requirements of the Commissioner, shall be deemed to comply with such proviso: Provided further, That".

#### SALES HOUSING INSURANCE

SEC. 102. (a) Section 203 (b) (2) of the National Housing Act is amended by striking out "(but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, 90 per centum)" and inserting in lieu thereof the following: "(but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance, 90 per centum)".

(b) Section 203 (h) of such Act is amended by striking out "\$7,000" and inserting in lieu thereof "\$12,000".

#### RENTAL HOUSING INSURANCE

SEC. 103. (a) Section 207 (c) (2) of the National Housing Act is amended by striking out "80 per centum" and inserting in lieu thereof "90 per centum".

(b) Section 207 (c) (3) of such Act is amended to read as follows:

"(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit) or not to exceed \$1,000 per space or \$300,000 per mortgage for trailer courts or parks: Provided, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound

standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations per room contained in this paragraph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require."

#### HOUSING FOR THE ELDERLY

SEC. 104. (a) Section 203 (b) (2) of the National Housing Act is amended by striking out the final period and inserting in lieu thereof a comma and the following: "except that with respect to a mortgage executed by a mortgagor who is sixty years of age or older as of the date the mortgage is accepted for insurance, the mortgagor's payment required by this proviso may be paid by a corporation or person other than the mortgagor under such terms and conditions as the Commissioner may prescribe."

(b) Section 207 (b) of such Act is amended—

(1) by inserting "(except provisions relating to housing for elderly persons)" before "to take" in the unnumbered paragraph immediately following paragraph (2); and

(2) by inserting "(except with respect to housing designed for elderly persons, with occupancy preference therefor, as provided in the paragraph following paragraph (3) of subsection (c))" after "hereunder" in the second unnumbered paragraph following paragraph (2).

(c) Section 207 (c) of such Act is amended by striking out the unnumbered paragraph immediately following paragraph (3) and inserting in lieu thereof the following new paragraph:

"Notwithstanding any of the limitations contained in paragraphs (2) and (3) of this subsection, if the entire property or project is specially designed for the use and occupancy of elderly persons in accordance with standards established by the Commissioner and the mortgagor is a financially qualified nonprofit organization acceptable to the Commissioner, the mortgage may involve a principal obligation not in excess of \$8,100 per family unit for such part of such property as may be attributable to dwelling use and not in excess of 90 per centum of the amount which the Commissioner estimates will be the replacement cost of such property or project when the proposed physical improvements are completed: Provided, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to elderly persons priorities in occupancy of the units designed for their use."

(d) The Housing and Home Finance Administrator shall establish, in accordance with the provisions of section 601 of the Housing Act of 1949, as amended, an advisory committee on matters relating to housing for elderly persons.

#### COOPERATIVE HOUSING INSURANCE

SEC. 105. (a) Section 213(a) of the National Housing Act is amended—

(1) by striking out "or" at the end of paragraph (1);

(2) by inserting "or" at the end of paragraph (2);

(3) by adding after paragraph (2) the following new paragraph:

"(3) a mortgagor, approved by the Commissioner, which (A) has certified to the Commissioner, as a condition of obtaining the insurance of a mortgage under this section, that upon completion of the property or project covered by such mortgage it intends to sell such



property or project to a nonprofit corporation or nonprofit trust of the character described in paragraph (1) of this subsection at the actual cost of such property or project as certified pursuant to section 227 of this Act and will faithfully and diligently make and carry out all reasonable efforts to consummate such sale, and (B) shall be regulated or restricted by the Commissioner as to rents, charges, capital structure, rate of return, and methods of operation during any period while it holds the mortgaged property or project; and for such purpose the Commissioner may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulation, such stock or interest to be paid for out of the Housing Fund and to be redeemed by such mortgagor at par upon the sale of such property or project to such nonprofit corporation or nonprofit trust;"; and

(4) by adding "referred to in paragraphs (1) and (2) of this subsection" after "which corporations or trusts".

(b) Section 213 (b) (2) of such Act is amended—

(1) by striking out "65 per centum" and inserting in lieu thereof "50 per centum";

(2) by amending the last proviso to read as follows: "And provided further, That for the purposes of this section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after April 6, 1917, and prior to November 12, 1918, or on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to February 1, 1955"; and

(3) by inserting immediately after "\$8,900" a semicolon and the following: "except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations per room contained in this paragraph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require: Provided further, That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 85 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: Provided further, That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit cooperative ownership housing corporation or trust within two years after the completion of such property or project, the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso".

(c) Section 213 of such Act is further amended by adding at the end thereof the following subsection:

"(h) In the event that a mortgagor of the character described in paragraph (3) of subsection (a) obtains an insured mortgage loan pursuant to this section and fails to sell the property or project covered by such mortgage to a nonprofit housing corporation or nonprofit housing trust of the character described in paragraph (1) of subsection (a) hereof, such mortgagor shall not thereafter be eligible by reason of such paragraph (3) for insurance of any additional mortgage loans pursuant to this section."

(d) Paragraph (a) of section 227 of such Act is amended by inserting after "subsection (a) thereof" the following: "or with respect to any property or project of a mortgagor of the character described in paragraph (3) of subsection (a) thereof".

#### GENERAL MORTGAGE INSURANCE AUTHORIZATION

SEC. 106. Section 217 of the National Housing Act is amended—

(1) by striking out "July 1, 1955" in the first sentence and inserting in lieu thereof "July 1, 1956";

(2) by striking out "\$4,000,000,000" in the first sentence and inserting in lieu thereof "\$3,000,000,000"; and

(3) by striking out "section 2" in the first and second sentences and inserting in lieu thereof "section 2 and section 803".

#### HOUSING IN URBAN RENEWAL AREAS

SEC. 107. (a) Section 220 (d) (3) (B) (ii) of the National Housing Act is amended by inserting after "Commissioner" in the parenthetical phrase a comma and the following: "and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage".

(b) Section 220 (d) (3) (B) (iii) of such Act is amended by striking out in the first proviso thereof all that follows "construction and design" and inserting in lieu thereof a colon and the following: "Provided further, That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed \$1,000 per room or per family unit, as the case may be, in any geographical area where he finds that cost levels so require".

#### LOW-COST HOUSING FOR DISPLACED FAMILIES

SEC. 108. Section 221 (d) of the National Housing Act is amended—

(1) by striking out "\$7,600" in paragraphs (2) and (3) and inserting in lieu thereof "\$9,000";

(2) by striking out "\$8,600" in paragraphs (2) and (3) and inserting in lieu thereof "\$10,000";

(3) by striking out "95 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: Provided, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent" in paragraph (2) and inserting in lieu thereof the following: "the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling designed principally for a single-family residence, less such amount as may be necessary to comply with the succeeding proviso: Provided, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least \$200 in cash or its equivalent (which amount



may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses”);

(4) by striking out “95 per centum of” in paragraph (3);

(5) by striking out “agencies thereof” in paragraph (3) and inserting in lieu thereof “agencies thereof or the Federal Housing Commissioner”; and

(6) by striking out “thirty” in paragraph (4) and inserting in lieu thereof “forty”.

#### APPROVAL OF COST CERTIFICATIONS

SEC. 109. Section 227 of the National Housing Act is amended—

(1) by inserting after the first sentence the following new sentence: “Upon the Commissioner’s approval of the mortgagor’s certification as required hereunder, such certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the mortgagor.”;

(2) by inserting after “legal expenses,” each place it appears in paragraph (c) the following: “such allocations of general overhead items as are acceptable to the Commissioner,”;

(3) by inserting after “maximum insurable mortgage amount” in paragraph (b) a semicolon and the following: “except that if the mortgage is to assist the financing of repair or rehabilitation and no part of the proceeds will be used to finance the purchase of the land or structure involved, the approved percentage shall be 100 per centum”; and by striking out “(without reduction by reason of the application of the approved percentage requirements of this section)” in clause (ii) (B) of paragraph (c);

(4) by amending the proviso in paragraph (c) to read as follows: “: Provided, That such additional amount under (A) of this clause (ii) shall in no event exceed the Commissioner’s estimate of the fair market value of such land and improvements prior to such repair or rehabilitation, and such additional amount under (B) of this clause (ii) shall in no event exceed the approved percentage of the Commissioner’s estimate of the fair market value of such land and improvements prior to such repair or rehabilitation”; and

(5) by adding at the end of paragraph (c) the following: “In the case of a mortgage insured under section 220 where the mortgagor is also the builder as defined by the Commissioner, there shall be included in the actual cost, in lieu of the allowance for builder’s profit under clause (i) or (ii) of the preceding sentence, an allowance for builder’s and sponsor’s profit and risk of 10 per centum (unless the Commissioner, after finding that such allowance is unreasonable, shall by regulation prescribe a lesser percentage) of all other items entering into the term ‘actual cost’ except land or amounts paid for a leasehold and amounts included under either (A) or (B) of clause (ii) of the preceding sentence. In the case of a mortgage insured under section 220 where the mortgagor is not also the builder as defined by the Commissioner, there shall be included in the actual cost an allowance for sponsor’s profit and risk of the said 10 per centum or lesser percentage of all other items entering into the term ‘actual cost’ except land or amounts paid for a leasehold, amounts included under either (A) or (B) of the said clause (ii), and amounts paid by the mortgagor under a general construction contract.”

## TITLE II—SECONDARY MORTGAGE MARKET

SEC. 201. Section 302 (b) of the National Housing Act is amended—

- (1) by striking out “and (2)” and inserting in lieu thereof “(2)”;
- (2) by striking out “if (i)” and inserting in lieu thereof “if”; and
- (3) by striking out “or (ii) the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage” and inserting in lieu thereof “; and (3) the Association may not purchase any mortgage, except a mortgage insured under section 803 or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage”.

SEC. 202. Section 303 (b) of such Act is amended by striking out the first sentence and inserting: “The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions equal to 2 per centum of the unpaid principal amounts of mortgages purchased or to be purchased by the Association from such seller or equal to such other greater or lesser percentage, but not less than 1 per centum thereof, as the Association may determine from time to time, taking into consideration conditions in the mortgage market and the general economy.”

SEC. 203. Section 304 (a) of such Act is amended by striking out “at the market price” in the second sentence and inserting “within the range of market prices”.

SEC. 204. (a) Section 304 (a) of such Act is amended by adding at the end thereof the following new sentence: “Notwithstanding any other provision of this section, advance commitments to purchase mortgages in secondary market operations under this section shall be issued only at prices which are sufficient to facilitate advance planning of home construction, but which are sufficiently below the price then offered by the Association for immediate purchase to prevent excessive sales to the Association pursuant to such commitments.”

(b) Section 304 (d) of such Act is amended to read as follows:

“(d) The Association may not purchase participations in its operations under this section.”

SEC. 205. Section 305 (b) of such Act is amended by striking out the second sentence and inserting in lieu thereof the following: “Notwithstanding any other provision of this section, the price to be paid by the Association for mortgages purchased in its operations under this section, during a period of one year from the date of the enactment of the Housing Act of 1956, shall be not less than 99 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items.”

SEC. 206. Section 305 (f) of such Act is amended by striking out “by the Housing Amendments of 1955” and inserting in lieu thereof “on or after August 11, 1955”.

SEC. 207. Section 305 (e) of such Act is amended—

(1) by inserting “and purchase transactions” after the words “advance commitment contracts”;

(2) inserting “or transactions” after the words “if such commitments”; and



(3) by striking out "but not more than \$5,000,000 of such authorization shall be available for such commitments in any one State" and inserting in lieu thereof "but such commitments in any one State shall not exceed \$5,000,000 outstanding at any one time".

SEC. 208. So much of section 305 (c) of such Act as precedes the proviso is amended by striking out "purchasers" and inserting in lieu thereof "purchases".

SEC. 209. (a) The last sentence of section 306 (c) of such Act is amended by striking out "and subsection (e) of this section".

(b) Section 306 (e) of such Act is repealed.

### TITLE III—SLUM CLEARANCE AND URBAN RENEWAL

SEC. 301. Section 102 (d) of the Housing Act of 1949 is amended by adding at the end thereof the following: "Notwithstanding section 110 (h) or the use in any other provision of this title of the term 'local public agency' or 'local public agencies' the Administrator may make advances of funds under this subsection for surveys and plans for an urban renewal project (including General Neighborhood Renewal Plans as hereinafter defined) to a single local public body which has the authority to undertake and carry out a substantial portion, as determined by the Administrator, of the surveys and plans or the project respecting which such surveys and plans are to be made: Provided, That the application for such advances shows, to the satisfaction of the Administrator, that the filing thereof has been approved by the public body or bodies authorized to undertake the other portions of the surveys and plans or of the project which the applicant is not authorized to undertake."

SEC. 302. (a) (1) Section 105 (a) of the Housing Act of 1949 is amended by striking out "(including any redevelopment plan constituting a part thereof)".

(2) Section 110 (b) of such Act is amended by inserting "and" after the semicolon at the end of clause (1), and by striking out "; and (3)" and all that follows and inserting in lieu thereof a period.

(b) (1) Section 110 (c) of such Act is amended to read as follows:

"(c) 'Urban renewal project' or 'project' may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

"(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (ii) open land necessary for sound community growth which is to be developed for predominantly residential uses: Provided, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of an open land project;

"(2) demolition and removal of buildings and improvements;

"(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for

carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

“(4) disposition of any property acquired in the urban renewal area (including sale, initial leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan;

“(5) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; and

“(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities.

“For the purposes of this title, the term ‘project’ shall not include the construction or improvement of any building, and the term ‘redevelopment’ and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term ‘project’ shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

“Financial assistance shall not be extended under this title with respect to any urban renewal area which is not clearly predominantly residential in character unless such area will be a predominantly residential area under the urban renewal plan therefor: Provided, That, where such an area which is not clearly predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and such area is not appropriate for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 per centum of the total amount of capital grants authorized by this title.

“In addition to all other powers hereunder vested, where land within the purview of clause (1) (ii) or (1) (iii) of the first paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: Provided, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title.”

(2) The first sentence of section 110 (d) of such Act is amended by striking out the words “either the second or third sentence” in clause (2) and inserting “the second sentence”.

(c) The first sentence of section 110 (d) of such Act is amended by striking out the phrase “, public facilities financed by special assessments



against land in the project area," in clause (3) and adding the following proviso before the period at the end of the sentence: "And provided further, That in any case where a public facility furnished as a local grant-in-aid is financed in whole or in part by special assessments against real property in the project area acquired by the local public agency as part of the project, an amount equal to the total special assessments against such real property (or, in the case of a computation pursuant to the proviso immediately preceding, the estimated amount of such total special assessments) shall be deducted from the cost of such facility for the purpose of computing the amount of the local grants-in-aid for the project".

(d) Section 110 (e) of such Act is amended by adding the following at the end thereof: "Where real property in the project area is acquired and is owned as part of the project by the local public agency and such property is not subject to ad valorem taxes by reason of its ownership by the local public agency and payments in lieu of taxes are not made on account of such property, there may (with respect to any project for which a contract of Federal assistance under this title is in force or is hereafter executed) be included, at the discretion of the Administrator, in gross project cost an amount equal to the ad valorem taxes which would have been levied upon such property if it had been subject to ad valorem taxes, but in all cases prorated for the period during which such property is owned by the local public agency as part of the project, and such amount shall also be considered a cash local grant-in-aid within the purview of section 110 (d) hereof. Such amount, and the amount of taxes or payments in lieu of taxes included in gross project cost, shall be subject to the approval of the Administrator and such rules, regulations, limitations, and conditions as he may prescribe."

SEC. 303. (a) Section 102 (d) of the Housing Act of 1949 is amended by adding the following at the end thereof:

"In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined) for urban renewal areas of such scope that the urban renewal activities therein may have to be carried out in stages, consistent with the capacity and resources of the respective local public agency, over an estimated period of not more than ten years. No contract for advances for the preparation of a General Neighborhood Renewal Plan may be made unless the Administrator has determined that:

"(1) in the interest of sound community planning, it is desirable that the urban renewal area be planned for urban renewal purposes in its entirety;

"(2) the local public agency proposes to undertake promptly an urban renewal project embracing at least ten per centum of such area, upon completion of the General Neighborhood Renewal Plan and the preparation of an urban renewal plan for such project; and

"(3) the governing body of the locality has by resolution or ordinance (i) approved the undertaking of the General Neighborhood Renewal Plan and the submission of an application for such advance and (ii) represented that such plan will be used to the fullest extent feasible as a guide for the provision of public improvements in such area and that the plan will be considered in formulating codes and other regulatory measures affecting property in the area and in

undertaking other local governmental activities pertaining to the development, redevelopment, rehabilitation, and conservation of the area.

The contract for any such advance of funds for a General Neighborhood Renewal Plan shall be made upon the condition that such advance shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the first urban renewal project in such area: Provided, That in the event of the undertaking of any other project or projects in such area an appropriate allocation of the amount of the advance, with interest, may be effected to the end that each such project may bear its proper allocable part, as determined by the Administrator, of the cost of the General Neighborhood Renewal Plan. As used herein, a General Neighborhood Renewal Plan means a preliminary plan (conforming, in the determination of the governing body of the locality, to the general plan of the locality as a whole and to the workable program of the community meeting the requirements of section 101) which outlines the urban renewal activities proposed for the area involved, provides a framework for the preparation of urban renewal plans and indicates generally, to the extent feasible in preliminary planning, the land uses, population density, building coverage, prospective requirements for rehabilitation and improvement of property, and any portions of the area contemplated for clearance and redevelopment."

(b) Section 102 (d) of such Act is further amended by striking out "The Administrator may make advances of funds to local public agencies for" and inserting in lieu thereof "The Administrator may make advances of funds to local public agencies for surveys of urban areas to determine whether the undertaking of urban renewal projects therein may be feasible and for".

SEC. 304. Section 106 (e) of the Housing Act of 1949 is amended by striking out "\$70,000,000" and inserting in lieu thereof "\$100,000,000".

SEC. 305. Section 106 of such Act is further amended by adding at the end thereof the following new subsection:

"(f) (1) Notwithstanding any other provision of this title, an urban renewal project respecting which a contract for a capital grant is executed under this title may include the making of relocation payments (as defined in paragraph (2)); and such contract shall provide that the capital grant otherwise payable under this title shall be increased by an amount equal to such relocation payments and that no part of the amount of such relocation payments shall be required to be contributed as part of the local grant-in-aid.

"(2) As used in this subsection, the term 'relocation payments' means payments by a local public agency, in connection with a project, to individuals, families, and business concerns for their reasonable and necessary moving expenses and any actual direct losses of property except goodwill or profit (which are incurred on and after the date of the enactment of the Housing Act of 1956, and for which reimbursement or compensation is not otherwise made) resulting from their displacement by an urban renewal project included in an urban renewal area respecting which a contract for capital grant has been executed under this title. Such payments shall be made subject to such rules and regulations prescribed by the Administrator as are in effect on the date of execution of the contract for capital grant (or the date on which the contract is amended pursuant to paragraph (3)), and shall not exceed \$100 in the case of an individual or family, or \$2,000 in the case of a business concern.



“(3) Any contract with a local public agency which was executed under this title before the date of the enactment of the Housing Act of 1956 may be amended to provide for payments under this subsection for expenses and losses incurred on or after such date.”

SEC. 306. Section 104 of such Act is amended to read as follows:

“REQUIREMENTS FOR LOCAL GRANTS-IN-AID

“SEC. 104. Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved. Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, shall not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made.”

SEC. 307. (a) Title I of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

“DISASTER AREAS

“SEC. 111. Where the local governing body certifies, and the Administrator finds, that an urban area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled ‘An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes’ (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster, the Administrator is authorized to extend financial assistance under this title for an urban renewal project with respect to such area without regard to the following:

“(1) the ‘workable program’ requirement in section 101 (c), except that any contract for temporary loan or capital grant pursuant to this section shall obligate the local public agency to comply with the ‘workable program’ requirement in section 101 (c) by a future date determined to be reasonable by the Administrator and specified in such contract;

“(2) the requirements in section 105 (a) (iii) and section 110 (b) (1) that the urban renewal plan conform to a general plan of the locality as a whole and to the workable program referred to in section 101 (c);

“(3) the ‘relocation’ requirements in section 105 (c): Provided, That the Administrator finds that the local public agency has presented a plan for the encouragement, to the maximum extent feasible, of the provision of dwellings suitable for the needs of families displaced by the catastrophe or by redevelopment or rehabilitation activities;

“(4) the ‘public hearing’ requirement in section 105 (d);

“(5) the requirements in sections 102 and 110 that the urban renewal area be a slum area or a blighted, deteriorated, or deteriorating area; and

“(6) the requirements in section 110 with respect to the predominantly residential character or predominantly residential re-use of urban renewal areas.

*In the preparation of the urban renewal plan with respect to a project aided under this section, the local public agency shall give due regard to the removal or relocation of dwellings from the site of recurring floods or other recurring catastrophes in the project area."*

(b) Subparagraph (A) of section 220 (d) (1) of the National Housing Act is amended to read as follows:

*"(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed or a prior approval granted, pursuant to title I of the Housing Act of 1949 before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by section 101 (c) of the Housing Act of 1949, as amended, or (iii) the area of an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended: Provided, That, in the case of an area within the purview of clause (i) or (ii) of this subparagraph, a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and the Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan: And provided further, That, in the case of an area within the purview of clause (iii) of this subparagraph, an urban renewal plan (as required for projects assisted under such section 111) has been approved for such area by such governing body and by the Administrator, and the Administrator has certified to the Commissioner that such plan conforms to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and that there exist the necessary authority and financial capacity to assure the completion of such urban renewal plan, and"*

(c) Section 221 (a) of the National Housing Act is amended—

*(1) by adding immediately before the period at the end of the first sentence a comma and the following: "or (3) there is being carried out an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended"; and*

*(2) by striking out "clause (2)" each place it appears in the last proviso and inserting in lieu thereof "clause (2) or (3)".*

(d) The second sentence of section 701 of the Housing Act of 1954 is amended to read as follows: *"The Administrator is further authorized to make planning grants for similar planning work (1) in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning; (2) to cities, other municipalities, and counties having a population of twenty-five thousand or more according to the latest decennial census which have suffered substantial damage as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes' (Public*



Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster; and (3) to State planning agencies, to be used for the provision of planning assistance to the cities, other municipalities, and counties referred to in clause (2) hereof."

SEC. 308. The last sentence of section 701 of the Housing Act of 1954 is amended by striking out "\$5,000,000" and inserting in lieu thereof "\$10,000,000".

## TITLE IV—PUBLIC HOUSING

### LOW-RENT PUBLIC HOUSING

SEC. 401. (a) Subsection (i) of section 10 of the United States Housing Act of 1937 is amended effective August 1, 1956, to read as follows:

"(i) Notwithstanding any other provision of law, the Authority may enter into new contracts for loans and annual contributions after July 31, 1956, for not more than thirty-five thousand additional dwelling units which amount shall be increased by thirty-five thousand additional, dwelling units on July 1, 1957, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: Provided, That the authority to enter into new contracts for annual contributions with respect to each such thirty-five thousand additional dwelling units shall terminate two years after the first date on which such authority may be exercised under the foregoing provisions of this subsection: Provided further, That any balance of the authorization provided by this subsection, as amended by section 108 (b) of the Housing Amendments of 1955, not utilized by July 31, 1956, shall be available in any succeeding year: Provided further, That no such new contract for annual contributions for additional units shall be entered into except with respect to low-rent housing for a locality respecting which the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, as amended: And provided further, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress."

(b) Clause (2) of the third proviso appearing in that part of the Independent Offices Appropriation Act, 1953, which is captioned "Annual contributions:" under the heading "PUBLIC HOUSING ADMINISTRATION" is repealed.

SEC. 402. Section 101 (c) of title I of the Housing Act of 1949, as amended, is amended by inserting the following after the first comma therein: "or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to August 1, 1956,".

SEC. 403. Subsection (d) of section 21 of the United States Housing Act of 1937 is amended by striking out the figure "10" in both places it appears and inserting in lieu thereof the figure "15".

### HOUSING FOR THE ELDERLY

SEC. 404. (a) Paragraph (2) of section 2 of the United States Housing Act of 1937 is amended by adding at the end thereof the following: "The term 'families' means families consisting of two or more persons, a single

person sixty-five years of age or over, or the remaining member of a tenant family. The term 'elderly families' means families the head of which (or his spouse) is sixty-five years of age or over."

(b) Section 10 of such Act is amended by adding at the end thereof the following new subsection:

"(m) For the purpose of increasing the supply of low-rent housing for elderly families, the Authority may assist the construction of new housing or the remodeling of existing housing in order to provide accommodations designed specifically for such families. Notwithstanding the provisions of subsection 10 (g), any public housing agency, in respect to dwelling units suitable to the needs of elderly families, may extend a prior preference to such families and may waive the provisions of clause (ii) of section 15 (8) (b) with respect to such units: Provided, That, as among such families, the 'First' preference in subsection 10 (g) shall apply."

(c) Section 15 (5) of such Act is amended by inserting after the word "Alaska" the following: "or \$2,250 in the case of accommodations designed specifically for elderly families".

#### FARM-LABOR CAMPS

SEC. 405. Section 12 (f) of the United States Housing Act of 1937 is amended by adding at the end thereof the following: "Notwithstanding any other provision of law, upon the filing of a request therefor within eighteen months after the date of the enactment of this sentence, the Authority shall relinquish, transfer, and convey, without monetary consideration all of its rights, title, and interest in and with respect to any such project or any part thereof (including such land as is determined by the Authority to be reasonably necessary to the operation of such project, and including contractual rights to revenues, reserves, and other proceeds therefrom), (1) in the case of any State other than Florida, to any public housing agency whose area of operation includes the project, upon a finding and certification by the public housing agency (which shall be conclusive upon the Authority) that the project is needed to house persons and families of low income and that preference for occupancy in the project will be given first to low-income agricultural workers and their families and second to other low-income persons and their families; and (2) in the case of Florida, to any public housing agency in the State whenever, under the laws of the State, such agency (A) is authorized to acquire and operate such project, (B) is required to give preference for occupancy in such project, first, to low-income agricultural workers and their families, and second, to other low-income persons and their families, (C) is required, in the event of the disposition of such project by sale or otherwise, to use the proceeds thereof and any available accumulated earnings to construct facilities (which shall be subject to the same preferences as those specified in clause (B)) for occupancy by low-income agricultural workers and their families in the same area, and (D) is required, so long as it continues to own or operate such project, to have on its managing board one or more members whose principal occupation is farming. Upon the relinquishment and transfer of any such project it shall cease to be a low-rent project within the meaning of this Act, and the Authority shall have no further jurisdiction over it, except that in any conveyance under the preceding sentence the Authority may reserve to the United States any mineral rights of whatsoever nature upon, in,



or under the property, including such rights of access to and the use of such parts of the surface of the property as may be necessary for mining and saving the minerals. Any project, or part thereof not relinquished and conveyed pursuant to this subsection or under a contract for disposal pursuant to this subsection within eighteen months after the date of the enactment of this sentence shall be disposed of by the Authority pursuant to subsection (e) of section 13 of this Act, notwithstanding the parenthetical clause in such subsection."

#### DISPOSITION OF DEFENSE HOUSING

SEC. 406. (a) Notwithstanding the provisions of any other law, there are hereby transferred to the jurisdiction of the Department of Defense, effective on the first day of the month following enactment of the Housing Act of 1956, all right, title, and interest, including contractual rights and obligations and any reversionary interest, held by the Federal Government in and with respect to all real and personal property comprising the following housing projects:

Project Numbered:	Location
ALA-1D1	Ozark, Alabama.
ALA-1D2	Ozark, Alabama.
ALA-2D1	Foley, Alabama.
ALA-2D2	Foley, Alabama.
ARIZ-1D1	Yuma, Arizona.
ARIZ-1D2	Yuma, Arizona.
ARIZ-3D1	Flagstaff, Arizona.
CAL-3D1	Oceanside, California.
CAL-3D2	Oceanside, California.
CAL-4D1	Miramar, California.
CAL-6D1	San Ysidro, California.
CAL-7D2	Barstow, California.
CAL-9D1	Barstow, California.
CAL-9D2	Barstow, California.
CAL-10D1	Twentynine Palms, California.
COLO-1D1	Colorado Springs, Colorado.
FLA-2D1	Green Cove Springs, Florida.
FLA-4D1	Milton, Florida.
FLA-8082	Pensacola, Florida.
FLA-8084	Pensacola, Florida.
GA-1D1	Hinesville, Georgia.
KAN-3D1	Hutchinson, Kansas.
ME-4D1	Brunswick, Maine.
MD-1D1	Bainbridge, Maryland.
MO-1D1	Waynesville, Missouri.
MO-2D1	Waynesville, Missouri.
MO-4D1	Waynesville, Missouri.
MO-5D1	Waynesville, Missouri.
NEV-2D1	Fallon, Nevada.
NC-1D1	Camp LeJune, North Carolina.
NC-3D1	Camp LeJune, North Carolina.
NC-4D1	Elizabeth City, North Carolina.
RI-1D1	Portsmouth, Rhode Island.
RI-2D1	Portsmouth, Rhode Island.
TEX-2D1	Kingsville, Texas.
TEX-3D1	Hondo, Texas.
TEX-5D1	Beeville, Texas.
TEX-5D2	Beeville, Texas.
TEX-6D1	Mission, Texas.
VA-6D1	Quantico, Virginia.
VA-10D1	Yorktown, Virginia.
VA-12D1	Yorktown, Virginia.
VA-13D1	Williamsburg, Virginia.

The provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, and of the Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended, shall not apply to any property transferred hereunder and, except as otherwise provided herein, the laws relating to similar property of the Department of Defense shall be applicable to the property transferred. The Department of Defense is authorized to utilize any revenues derived from the property transferred hereunder, after its transfer, for the maintenance, operation, improvement, and liquidation of such property and for administrative expenses in connection therewith. There is hereby transferred to the Department of the Navy out of the fund entitled "Office of the Administrator revolving fund (liquidating programs)" established in the Office of the Administrator, Housing and Home Finance Agency, under title II of the Independent Offices Appropriation Act, 1955 (68 Stat. 272, 295), as amended, \$375,000 to be available until expended for repair and rehabilitation of such property by the Navy.

(b) Notwithstanding the provisions of this or any other law, any housing constructed or acquired under the provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, which is not transferred under the provisions of subsection (a) hereof shall, as expeditiously as possible, but not later than June 30, 1957, be disposed of on a competitive bid basis to the highest responsible bidder upon such terms and after such public advertisement as the Housing and Home Finance Administrator may deem in the public interest; except that the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation: Provided, That the third proviso in section 302 (b) of such Act shall be applicable to housing disposed of under this subsection, except that project numbered IDA-2D1 at Cobalt, Idaho, shall be sold only for use on the site.

(c) The Housing and Home Finance Administrator is hereby directed to convey (pursuant to the provisions of section 606 of the Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended): (1) Housing project numbered RI-37013 to the Housing Authority of the City of Newport, Rhode Island: Provided, That, notwithstanding the provisions of that section or of any other law, the agreement required by that section shall permit the use of the project in whole or in part for the housing of military personnel without regard to their income, and shall require the Authority, in selecting tenants, to give a first preference in respect of three hundred and sixty dwelling units to such military personnel as the Secretary of Defense or his designee prescribes for three years after the date of conveyance and to give thirty days' advance notice of available vacancies to such designee, and (2) housing projects numbered PA-36011 and PA-36012 to the Housing Authority of Philadelphia, Pennsylvania: Provided, That notwithstanding the provisions of that section or of any other law, the agreement required by that section shall permit the use of the projects in whole or in part for the housing of military personnel without regard to their income, and shall require the Authority, in selecting tenants, to give a first preference in respect of seven hundred dwelling units to such military personnel as the Secretary of Defense or his designee prescribes for three years after the date of



conveyance and to give thirty days' advance notice of available vacancies to such designee.

SEC. 407. (a) The Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended, is amended by adding at the end thereof the following new section 614:

"SEC. 614. (a) Notwithstanding the provisions of this or any other law, (1) any housing to be sold on-site determined by the Administrator to be permanent, located on lands owned by the United States and under the jurisdiction of the Administrator, which is not relinquished, transferred, under contract of sale, sold, or otherwise disposed of by the Administrator under other provisions of this Act or under the provisions of other law by January 1, 1957, except housing which is determined by the Administrator by that date to be suitable for sale in accordance with section 607 (b) of this Act; and (2) any permanent housing to be sold off-site which is not relinquished, transferred, under contract of sale, sold, or otherwise disposed of prior to the effective date of this section shall be disposed of, as expeditiously as possible, on a competitive basis to the highest responsible bidder upon such terms and after such public advertisement as the Administrator may deem in the public interest; except that the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation.

"(b) Notwithstanding the provisions of this or any other law, all contracts entered into after the enactment of this section for the sale, transfer, or other disposal of housing (other than housing subject to the provisions of section 607 (b) of this Act) determined by the Administrator to be permanent, except contracts entered into pursuant to subsection (a) hereof, shall require that if title does not pass to the purchaser by April 1, 1957 (or within sixty days thereafter if such time is necessary to cure defects in title in accordance with the provisions of the contract), the rights of the purchaser shall terminate and thereafter the housing shall be sold under the provisions of subsection (a) hereof. For the purposes of this subsection, title shall be considered to have passed upon the execution of a conditional sales contract.

"(c) The dates set forth in subsections (a) and (b) of this section shall not be subject to change by virtue of the provisions of section 611 of this Act."

(b) Notwithstanding any other provision of law, the Housing and Home Finance Administrator is authorized to sell and convey, at fair market value as determined by him on the basis of an appraisal made by an independent real-estate expert, to the city of Alexandria, Virginia, or to the Alexandria Redevelopment and Housing Authority, or to any agency or corporation established or sponsored in the public interest by such city, all of the right, title, and interest of the United States in and to the Chinquapin Village housing project, VA-44131, located in Alexandria, Virginia. Any sale pursuant to this authorization shall be made within six months after the date of the enactment of this subsection and shall be on such terms and conditions as the Administrator shall determine.

(c) Notwithstanding any other provision of law, the Housing and Home Finance Administrator is authorized and directed to sell and convey to the city of Euclid, Ohio, for a total price of \$6,125,000, all of the right, title, and interest of the United States in and to the housing projects known as Euclid Homes (OH-33074) and Lakeshore Village

(OH-33071) located in Euclid, Ohio. The purchase price shall be secured by a mortgage which need not be a general obligation of such city, and shall be paid in equal annual installments within twenty years from the date of sale with the right of prepayment of all or any part thereof. No downpayment shall be required, and the unpaid balances shall bear interest at the rate of  $4\frac{1}{2}$  per centum per annum. The Administrator may impose such other terms and conditions as he may deem necessary or desirable, including a requirement that any net revenues be applied by such city as advance payment on the last maturing installments of the purchase price.

(d) (1) Notwithstanding any other provision of law, the Public Housing Commissioner is authorized and directed to sell and convey by quitclaim deed to the Georgia Institute of Technology, upon full payment in cash of the purchase price determined under paragraph (2), all of the right, title, and interest of the United States in and to that real property (including furniture, fixtures, and equipment located on the property on the date of the execution of the contract or sale under this subsection), situated in Atlanta, Georgia, known as the Techwood Dormitory and more particularly described as follows:

Commencing at the intersection of the south line of North Avenue with the east line of Techwood Drive; thence running north 89 degrees 45 minutes east 94.47 feet along the south line of North Avenue to the east line of property formerly owned by Mrs. Emma L. Ellis; thence south 00 degrees 12.5 minutes east 155.0 feet more or less to the south line of an alley formerly known as Linden Alley and the north line of property formerly owned by Mildred W. Seydel; thence north 89 degrees 45 minutes east along the south line of said alley 170.0 feet more or less to a point in the south side of said alley which is distant 100.0 feet westerly from the west line of William Street; thence south 00 degrees 12.5 minutes east 290.0 feet more or less to a point on the south side of the former location of Linden Avenue, which point is 100.0 feet more or less west of the west line of Williams Street; thence running south 89 degrees 45 minutes west 281.57 feet more or less along the south side of the former location of Linden Avenue to its intersection with the east line of Techwood Drive; thence north 00 degrees 02 minutes east 293.88 feet more or less along the east line of Techwood Drive; thence north 6 degrees 06 minutes east 151.98 feet more or less along the east line of Techwood Drive to its intersection with the south line of North Avenue and the point of beginning.

(2) The purchase price of the property referred to in paragraph (1) shall be the fair market value of the land described in such paragraph on the date of the execution of the contract of sale under this subsection, as determined by the Public Housing Commissioner, excluding for purposes of such determination the value of any buildings, furniture, fixtures, and equipment located on such land.

(3) If the property referred to in paragraph (1) is not sold and conveyed to the Georgia Institute of Technology within six months after the date of the enactment of this Act, the Public Housing Commissioner shall dispose of such property at public sale to the highest competitive bidder.

(e) The last proviso of subsection (c) of section 108 of the Housing Amendments of 1955 is amended by striking out "12" and inserting in lieu thereof "24".

#### PAYMENTS IN LIEU OF TAXES

SEC. 408. Notwithstanding the provisions of any other law or any contract or rule of law, the Public Housing Commissioner shall approve



payments in lieu of taxes for project fiscal years ending prior to April 1, 1956, by each of the following local public agencies in the following amounts:

*Housing Authority of the City of Houston (Texas), \$200,324.82.*

*Quincy Housing Authority (Illinois), \$12,549.75.*

*Housing Authority of the City of Fresno (California), \$6,874.13.*

*Reading Housing Authority (Pennsylvania) \$11,106.59.*

*Huntington, West Virginia, Housing Authority (West Virginia), \$13,049.38.*

*Housing Authority of the City of Los Angeles (California), \$104,765.05.*

*Housing Authority of the City of Monroe (Louisiana), \$1,560.76.*

*Housing Authority of the City of Dothan (Alabama), \$1,238.46.*

*Housing Authority of the City of Sacramento (California), \$26,628.29.*

*Cincinnati Metropolitan Housing Authority (Ohio), \$59,576.64.*

*Housing Authority of the City of Tampa (Florida), \$22,959.85.*

## TITLE V—MILITARY HOUSING

### ARMED SERVICES HOUSING MORTGAGE INSURANCE

SEC. 501. Section 801 (g) of the National Housing Act is amended to read as follows:

“(g) The term ‘State’ includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, the Virgin Islands, the Canal Zone, and Midway Island.”

SEC. 502. Section 803 (a) of such Act is amended by striking out “September 30, 1956” and inserting in lieu thereof “June 30, 1958”.

SEC. 503. Section 803 (a) of such Act is further amended by striking out the first proviso and inserting in lieu thereof the following: “: Provided, That the aggregate amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955) shall not exceed \$2,300,000,000”.

SEC. 504. Section 803 (b) (2) of such Act is amended by striking out all that follows clause (i) and inserting in lieu thereof the following: “, and (ii) with the approval of the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation and that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing housing covered by mortgages insured under this Act. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense or his designee shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund against loss with respect to the mortgage covering such housing. The Commissioner shall report to the Committees on Banking and Currency of the Senate and the House of Representatives each instance in which he has required the Secretary to guarantee the Armed Services Housing Mortgage Insur-

ance Fund, with reasons therefor. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty."

SEC. 505. Section 803 (b) (3) (B) of such Act is amended to read as follows:

"(B) not to exceed an average of \$16,500 per family unit for such part of such property or project (including ranges, refrigerators, shades, screens, and fixtures) as may be attributable to dwelling use: Provided, That the replacement cost of the property or project as determined by the Commissioner, including the estimated value of any usable utilities within the boundaries of the property or project where owned by the United States and not provided for out the proceeds of the mortgage, shall not exceed an average of \$16,500 per family unit; and".

SEC. 506. (a) Section 803 (b) (3) (C) of such Act is amended by striking out "eligible builder of" and inserting in lieu thereof "eligible bidder with respect to".

(b) Sections 403 (a) and 403 (b) of the Housing Amendments of 1955 are amended by striking out "eligible builder" wherever the term appears therein and inserting in lieu thereof "eligible bidder".

(c) Section 403 (a) of the Housing Amendments of 1955 is amended by striking out "the builder" wherever appearing therein and inserting in lieu thereof "the mortgagor".

(d) Section 403 (a) of the Housing Amendments of 1955 is amended by striking out "with any builder".

SEC. 507. Section 403 (a) of the Housing Amendments of 1955 is further amended by inserting immediately before the last sentence the following: "Any such contract shall provide for the furnishing by the contractor of a performance bond and a payment bond with a surety or sureties satisfactory to the Secretary of Defense, or his designee, and the furnishing of such bonds shall be deemed a sufficient compliance with the provisions of section 1 of the Act of August 24, 1935 (49 Stat. 793), and no additional bonds shall be required under such section."

SEC. 508. Section 405 of the Housing Amendments of 1955 is amended by striking out "\$9,000,000" and inserting in lieu thereof "\$21,000,000".

SEC. 509. The second sentence of section 406 of the Housing Amendments of 1955 is amended by inserting after the colon immediately following the first proviso the following: "Provided further, That such plans, drawings, and specifications, when developed pursuant to arrangements made under this section after the date of the enactment of the Housing Act of 1956, shall follow the principle of modular measure, in order that the housing may be built by conventional construction, on-site fabrication, factory precutting, factory fabrication, or any combination of these construction methods:".

SEC. 510. Title IV of the Housing Amendments of 1955 is amended by adding at the end thereof the following new section:

"SEC. 410. In the construction of housing under the authority of this title and title VIII of the National Housing Act, as amended, the maximum limitations on net floor area for each unit shall be the same as the net floor area permanent limitations prescribed in the second, third, and fourth provisos of section 3 of the Act of June 12, 1948 (62 Stat. 375), or in section 3 of the Act of June 16, 1948 (62 Stat. 459), other than the first, second, and third provisos thereof."



*SEC. 511. Section 408 of the Housing Amendments of 1955 is amended by adding at the end thereof the following: "Nothing contained in the provisions of title VIII of the National Housing Act in effect prior to August 11, 1955, or any related provision of law, shall be construed to exempt from State or local taxes or assessments the interest of a lessee from the Federal Government in or with respect to any property covered by a mortgage insured under such provisions of title VIII: Provided, That, no such taxes or assessments (not paid or encumbering such property or interest prior to June 15, 1956) on the interest of such lessee shall exceed the amount of taxes or assessments on other similar property of similar value, less such amount as the Secretary of Defense or his designee determines to be equal to (1) any payments made by the Federal Government to the local taxing or other public agencies involved with respect to such property, plus (2) such amount as may be appropriate for any expenditures made by the Federal Government or the lessee for the provision or maintenance of streets, sidewalks, curbs, gutters, sewers, lighting, snow removal or any other services or facilities which are customarily provided by the State, county, city, or other local taxing authority with respect to such other similar property: And provided further, That the provisions of this section shall not apply to properties leased pursuant to the provisions of section 805 of the National Housing Act as amended on or after August 11, 1955, which properties shall be exempt from State or local taxes or assessments."*

#### ACQUISITION OF WHERRY ACT HOUSING

*SEC. 512. Section 404 of the Housing Amendments of 1955 is amended to read as follows:*

*"SEC. 404. (a) Whenever the Secretary of Defense or his designee deems it necessary for the purpose of this title, he may acquire by purchase, donation, condemnation, or other means of transfer, any land or (with the approval of the Federal Housing Commissioner) any housing financed with mortgages insured under the provisions of title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955. The purchase price of any such housing shall not exceed the Federal Housing Commissioner's estimate of the replacement cost of such housing and related property (not including the value of any improvements installed or constructed with appropriated funds) as of the date of final endorsement for mortgage insurance reduced by an appropriate allowance for physical depreciation, as determined by the Secretary of Defense or his designee upon the advice of the Commissioner: Provided, That in any case where the Secretary or his designee acquires a project held by the Commissioner, the price paid shall not exceed the face value of the debentures (plus accrued interest thereon) which the Commissioner issued in acquiring such project.*

*"(b) Notwithstanding any provision of subsection (a) to the contrary, the Secretary of Defense or his designee shall, in the manner provided in subsection (a), acquire by purchase, donation, or other means of transfer or, if the parties cannot agree upon terms for acquisition by such means, by condemnation, any housing constructed under the mortgage insurance provisions of title VIII of the National Housing Act (as in effect prior to the enactment of the Housing Amendments of 1955) which is located at or near a military installation where the construction of housing under the Armed Services Housing Mortgage Insurance Program has been approved by the Secretary.*

“(e) Condemnation proceedings instituted pursuant to this section shall be conducted in accordance with the provisions of the Act of August 1, 1888 (25 Stat. 357; 40 U. S. C., sec. 257) as amended, or any other applicable Federal statute. Before any such condemnation proceedings are instituted, an effort shall be made to acquire the property involved by negotiation. In any condemnation proceedings instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. In the event that condemnation proceedings are instituted in accordance with procedures under such Act of February 26, 1931, the court shall order that the amount deposited shall be paid in a lump sum or over a period not exceeding five years in accordance with stipulations executed by the parties in the proceedings. In connection with condemnation proceedings which do not utilize the procedures under such Act, the Secretary or his designee, after final judgment of the court, may pay or agree to pay in a lump sum or, in accordance with stipulations executed by the parties to the proceedings, over a period not exceeding five years the difference between the outstanding principal obligation, plus accrued interest, and the price for the property fixed by the court. Unless such payment is made in a lump sum, the unpaid balance thereof shall bear interest at the rate of 4 per centum per annum.

“(d) Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

“(e) The Secretary or his designee may, in the case of any housing acquired or to be acquired under this section, make arrangements with the mortgagee whereby such mortgagee will agree to release and waive all requirements of accruals for reserves for replacement, taxes, and hazard insurance provided for under the corporate charter and indenture agreement with respect to such housing, upon the execution of a written agreement by the Secretary or his designee that the purposes for which such reserves and other funds were accrued will be carried out.

“(f) Any housing acquired under this section may be (1) assigned as public quarters to military personnel and their dependents; or (2) leased to military and civilian personnel for occupancy by them and their dependents, upon such terms and conditions as will in the judgment of the Secretary of Defense or his designee be in the best interest of the United States, without loss to military personnel of their basic allowance for quarters or appropriate allotments. Amounts equal to the quarters allowances or appropriate allotments of military personnel to whom such housing is assigned as public quarters under clause (1), and the rental charges realized under clause (2), shall be deposited in the revolving fund created by subsection (g).

“(g) There is hereby created a fund which shall be used by the Secretary of Defense or his designee as a revolving fund for the purpose of paying for housing and related property acquired under this section, paying interest, principal, mortgage insurance premiums, and other obligations



(except those for maintenance and operation) with respect to such housing, and paying expenses incurred in the alteration, improvement, rehabilitation, and repair of such housing. The amounts and charges referred to in the last sentence of subsection (f) of this section, and any savings realized in the operation of section 405, shall be deposited in such fund. For the purposes of the preceding sentence, the term 'savings realized in the operation of section 405' means the difference between the amount made available for payments under section 405 and the amount actually used in making such payments.

"(h) The Secretary of the Treasury is authorized and directed to establish on the books of the Treasury Department the revolving fund created pursuant to the authority of this section. To provide capital for such fund, there is authorized to be appropriated a sum not to exceed \$50,000,000 and the Secretary of Defense, with the approval of the President, is authorized to transfer from unexpended balances of any appropriations of the military departments not carried to the surplus fund of the Treasury such sums as may be determined by the Secretary of Defense to be necessary to provide adequate capital for the revolving fund."

## TITLE VI—MISCELLANEOUS

### COLLEGE HOUSING

SEC. 601. Section 401 (d) of the Housing Act of 1950 is amended by striking out "\$500,000,000" and inserting in lieu thereof "\$750,000,000".

### RESEARCH

SEC. 602. (a) The Housing and Home Finance Administrator is authorized and directed to undertake such programs of investigation, analysis, and research as he determines to be necessary and appropriate in the exercise of his responsibilities, including the formulation and carrying out of national housing policies and programs. Without limiting such authority, such programs shall develop and supply data and information on—

(1) the housing inventory of the Nation and the production, use, and demolition and conversion of residential structures, and such other factors as affect the total supply of housing;

(2) mortgage market problems;

(3) the extent to which adequate housing is available to the low-income and middle-income families of the Nation through public and private means;

(4) housing for elderly persons;

(5) residential design, assembly methods, and materials use in relation to cost, utility, and comfort; and

(6) characteristics of current and prospective housing market demand.

(b) (1) In order to permit the Administrator to carry out the functions vested in him by subsection (a) of this section, he is hereby authorized to enter into contracts with agencies of State and local governments and educational institutions and other nonprofit organizations and into working agreements with departments and independent establishments and agencies of the Federal Government in accordance with paragraph (3) of this subsection: Provided, That the total amount of such contracts and working agreements shall not exceed \$500,000 during the fiscal year

1957, which amount shall be increased by further amounts of \$1,000,000 on July 1, 1957, and July 1, 1958, respectively.

(2) There are hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such sums as may be necessary to carry out the purposes of this section, including administrative expenses which are hereby authorized, and amounts necessary to make payments pursuant to contracts or working agreements authorized under subsection (b) (1) of this section.

(3) The provisions of the third and fourth sentences of subsection (a) of section 301 of the Housing Act of 1948 and of subsection (c) of section 502 of such Act shall apply to contracts and appropriations pursuant to this section.

(c) The Administrator may disseminate (without regard to the provisions of section 306 of the Penalty Mail Act of 1948 (39 U. S. C. 321n)) any data or information acquired or held under this section, including related data and information otherwise available to the Administrator through the operation of the programs and activities of the Housing and Home Finance Agency, in such form as he shall determine to be most useful to departments, establishments, and agencies of the Federal Government or State or local governments, to industry and to the general public.

(d) In carrying out the provisions of this section, the Administrator is hereby authorized to request and receive such information or data as he deems appropriate from private individuals, organizations, and other public agencies. Any such information or data shall be used only for the purposes for which it is supplied, and no publication shall be made by the Administrator whereby the information or data furnished by any particular person or establishment can be identified, except with the consent of such person or establishment.

(e) Nothing contained in this section shall limit any authority of the Administrator under title III of the Housing Act of 1948, as amended, or any other provision of law.

#### PUBLIC FACILITY LOANS

SEC. 603. Title II of the Housing Amendments of 1955 is amended by adding at the end thereof the following new section:

"SEC. 206. As used in this title, the term 'States' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States."

#### HOME OWNERS' LOAN ACT OF 1933

SEC. 604. (a) Section 5 (c) of the Home Owners' Loan Act of 1933 is amended by striking out "\$2,500" in the proviso at the end of the second paragraph and inserting in lieu thereof "\$3,500".

(b) Section 5 (c) of such Act is further amended by striking out "15 per centum" in the first sentence and inserting in lieu thereof "20 per centum".

#### HOSPITAL CONSTRUCTION

SEC. 605. (a) Notwithstanding the provisions of section 104 of the Defense Housing and Community Facilities and Services Act of 1951, the authority under section 304 of such Act to make loans or grants, or other payments to public and nonprofit agencies for the construction of hospitals is hereby revived and extended with respect to public and non-



profit agencies which have, prior to June 30, 1953, applied under such section 304 for such loans or grants, or other payments for the construction of hospitals, and have been denied such loans or grants, or other payments solely because of the unavailability of funds for such purpose.

(b) The authority granted by this section shall expire June 30, 1958.

(c) There is hereby authorized to be appropriated the sum of \$5,000,000 for the purposes of this section for each of the fiscal years ending June 30, 1957, and June 30, 1958.

#### FARM HOUSING

SEC. 606. (a) The first sentence of section 511 of the Housing Act of 1949 is amended to read as follows: "The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making loans under this title (other than loans under section 504 (b)). The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending June 30, 1961, shall not exceed \$450,000,000."

(b) Section 512 of such Act is amended to read as follows:

#### "CONTRIBUTIONS

"SEC. 512. In connection with loans made pursuant to section 503, the Secretary is authorized to make commitments for contributions aggregating not to exceed \$10,000,000 during the period beginning July 1, 1956, and ending June 30, 1961."

(c) Clause (b) of section 513 of such Act is amended to read as follows: "(b) not to exceed \$50,000,000 for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) during the period beginning July 1, 1956, and ending June 30, 1961; and".

(d) This section shall take effect as of July 1, 1956.

And the Senate agree to the same.

#### SERVICEMEN'S READJUSTMENT ACT OF 1944

SEC. 607. Paragraph (C) of subsection (b) of section 512 of the Servicemen's Readjustment Act of 1944 is amended by striking out "1957" and inserting in lieu thereof "1958".

BRENT SPENCE,  
PAUL BROWN,  
WRIGHT PATMAN,  
ALBERT RAINS,  
JESSE P. WOLCOTT,  
RALPH A. GAMBLE,  
HENRY O. TALLE,

*Managers on the Part of the House.*

J. WILLIAM FULBRIGHT,  
JOHN J. SPARKMAN,  
HOMER E. CAPEHART,  
JOHN W. BRICKER,  
WALLACE F. BENNETT,

*Managers on the Part of the Senate.*

## STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment to the text struck out all of the House bill after the enacting clause and inserted a substitute. The House recedes from its disagreement to the amendment of the Senate, with an amendment which is a substitute for both the House bill and the Senate amendment. The essential differences between the House bill and the substitute agreed to in conference are noted below.

### FHA TITLE I—HOME REPAIR LOANS

The House bill contained a provision increasing the maximum term of title I single-family home-improvement loans from 3 to 5 years. The Senate amendment contained a provision placing discretionary authority in the FHA Commissioner to raise the term of such loans from 3 to 5 years. The conference substitute conforms to the Senate amendment.

### FHA TITLE II—HOME MORTGAGE INSURANCE

The House bill contained a provision increasing the permissible loan-to-value ratio for builder-mortgagors from 85 to 90 percent of the amount permitted for owner-occupant mortgagor. The Senate amendment did not contain this provision and neither does the conference substitute.

### FHA COOPERATIVE HOUSING

The House bill contained a provision permitting a regular FHA housing project, insured under section 207 of the National Housing Act, to be converted to a cooperative housing project, if the intention to convert such project to a cooperative project was stated by the applicant at the beginning of the project. No such provision was included in the Senate amendment. The conference substitute includes a provision in lieu of that contained in the House bill under which a sponsor of a cooperative could obtain a commitment for a loan up to 85 percent of the replacement cost and proceed with construction before the prospective cooperative has been formed. The sponsor would certify intent to sell to a cooperative upon completion. Until he sells the project, he would be regulated by FHA, as to rents, capital structure, and rate of return. To prevent possible abuse of this financing device, the substitute would deny further use of this



special commitment feature in the event the sponsor fails to sell to a cooperative. In all cases the sponsor would be subject to the cost certification requirement of section 227 of the National Housing Act.

### FHA TITLE VIII—MILITARY HOUSING

The House bill provided for extension of the military housing program for a period of 3 years to September 30, 1959. The Senate amendment only provided for an extension of this program to December 31, 1957. The conference substitute provides for extension to June 30, 1958.

The House bill provided for an increase in the FHA insurance authorization for military housing projects from the present authorized amount of \$1,363,500,000 to \$2,475,000,000. The Senate amendment provided for an increase in this authorization to \$2,300,000,000, and this amount is retained in the conference substitute.

Both the House bill and the Senate amendment contained provisions requiring the FHA Commissioner to approve Defense Department determinations that new military housing needed would not substantially curtail occupancy of certain existing housing accommodations. The House bill provision, however, was more limited in its application in that if the project was to house personnel who are required to reside in public quarters then the approval of the FHA Commissioner regarding curtailment of occupancy in other projects was not required. The conference substitute includes the provision of the Senate amendment.

Under the House bill, the cost of housing under the FHA military housing program was limited to an average of \$16,500 per unit for each project. The Senate bill provided that such average could not exceed \$15,000 per project and set a servicewide per unit average of \$14,250, including equipment. The conference substitute retains the House provision of a \$16,500 average unit cost per project but includes the language of the Senate substitute making clear that equipment such as ranges, refrigerators, shades, screens and fixtures, are items of cost which must be included in the maximum average cost of \$16,500 per unit.

Both the House bill and the Senate amendment contained provisions requiring that military housing plans follow the principle of modular measure. In order that prefabricated as well as conventional construction might be employed. The conference substitute retains the language of the House bill, with an amendment to make it clear that the provision applies on a prospective rather than a retroactive basis.

### ACQUISITION OF "WHERRY ACT" HOUSING

The House bill contained a provision directing the Secretary of Defense to acquire, operate, and improve the housing included in the so-called Wherry Act projects. These are projects which were constructed under the FHA title VIII military mortgage insurance program as it existed prior to the revision made by the Housing Amendments of 1955. The House provision included a purchase-price formula under which the value would not exceed the FHA estimate of replacement cost at time of insurance, adjusted to current cost levels, minus allowance for depreciation. Provision was made, however, that if the project actually cost less than the original mortgage

amount or if the buyer or seller could not agree on price, then condemnation proceedings had to be started for acquisition of the project. A \$50,000,000 revolving fund was authorized for such purchases and could also be used for meeting debt service, alterations, and improvements. The Senate amendment did not include a similar provision.

The conference substitute includes a Wherry Act acquisition provision which coordinates it with an acquisition provision included in legislation just enacted by the Congress relating to construction at military installations (H. R. 12270). Under that bill there is permissive authority for the Secretary of Defense to acquire the existing Wherry Act projects by purchase, donation, condemnation, or other means of transfer. In negotiating for such projects, the purchase price of any such housing shall not exceed the Federal Housing Commissioner's estimate of the replacement cost of such housing and related property (not including the value of any improvements installed or constructed with appropriated funds) as of the date of final endorsement for mortgage insurance reduced by an appropriate allowance for physical depreciation, as determined by the Secretary of Defense or his designee upon the advice of the Commissioner. The conference substitute does not disturb this provision of the military construction bill except with respect to Wherry Act projects located at or near an installation where new FHA title VIII military housing projects are programed. In such cases the Secretary of Defense is required to proceed to negotiate for acquisition of such Wherry Act projects and, in the event of failure to acquire through negotiation, to institute proceedings for acquisition of the projects through condemnation. It is the intention of the conferees that where FHA title VIII projects are programed under the authority provided by the Housing Amendments of 1955 the Department of Defense shall acquire existing Wherry Act projects.

#### ADVISORY COMMITTEE ON ELDERLY HOUSING

The Senate amendment contained a provision requiring the Housing and Home Finance Agency to establish an advisory committee on matters relating to housing for the elderly. The House bill contained no comparable provision. The conference substitute retains this provision of the Senate amendment.

#### FEDERAL NATIONAL MORTGAGE ASSOCIATION

The Senate amendment contained a provision which was not included in the House bill under which the Federal National Mortgage Association would be required to pay par for all mortgages purchased under its special assistance mortgage-purchase program. The conference substitute includes a provision under which special assistance mortgages purchased by the Association must be purchased at a price of not less than 99 for a period of 1 year after the date of enactment of this act.

#### SLUM CLEARANCE AND URBAN RENEWAL

The Senate amendment contained a provision rewriting the section of the Housing Act of 1949 relating to requirements of local grants-in-aid in connection with slum clearance projects. It was provided



"such local grants-in-aid, together with local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have heretofore been made, shall not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made." It is the understanding of the committee of conference that under the language of this provision the agency may continue its present pooling arrangement with respect to such local grants-in-aid. In this connection the committee of conference expresses agreement on the discussion of this subject appearing on pages 31 and 32 of House Report No. 2363, 84th Congress, 2d session.

#### SALARY OF HOUSING AND HOME FINANCE AGENCY GENERAL COUNSEL

The House bill contained a provision increasing the salary of the General Counsel of the Housing and Home Finance Agency to the level of the heads of constituent agencies of the Housing and Home Finance Agency. No comparable provision was included in the Senate amendment and none is contained in the conference substitute.

#### VETERANS' ADMINISTRATION DIRECT-LOAN PROGRAM

The Senate amendment contained a provision which was not included in the House bill extending both the Veterans' Administration home-loan-guaranty program and the Veterans' Administration direct home-loan program for 1 additional year. Other legislation passed by the Congress has provided for a 1-year extension in the Veterans' Administration home-loan-guaranty program but does not include extension of the Veterans' Administration direct home-loan program. Accordingly the conference substitute retains only that portion of the Senate amendment providing for a 1-year extension in the Veterans' Administration direct home-loan program.

BRENT SPENCE,  
PAUL BROWN,  
WRIGHT PATMAN,  
ALBERT RAINS,  
JESSE P. WOLCOTT,  
RALPH A. GAMBLE,  
HENRY O. TALLE,

*Managers on the Part of the House.*









It is as follows:

The report on the effect of diversion of an additional 1,000 cubic-feet per second of water at Chicago as shown in the interim report of the International Lake Ontario Engineering Board is expected to be exactly the same as will be shown in the final report of the board. You will recall that I testified 2 years ago that the effect of the diversion would not lower Lake Ontario as much as half an inch.

That telegram is signed by Roger B. McWhorter, Acting Chairman, International Joint Commission.

Mr. WILEY. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. WILEY. Will the Senator read that over again? It refers to 1,000 cubic feet. The Senator wants 5,000 cubic feet in times of low water.

Mr. DOUGLAS. It will take many years for this average of 1,000 cubic feet to have the effect of three-eighths of an inch on Erie and Ontario.

Mr. WILEY. That is not what I mean. Please read the telegram again.

Mr. DIRKSEN. Mr. President, this bill in specific language provides that the average annual diversion will not be 5,000 cubic feet, but 2,500 cubic feet per second. The language is found on page 2 of the bill, and I read it for the edification of my distinguished friend from Wisconsin:

In addition to all domestic pumpage, at a rate providing a total annual average of not more than 2,500 cubic feet of water per second.

Mr. WILEY. Let me make my point, and then I think the Senator will understand it.

Mr. DIRKSEN. I understand it completely.

Mr. WILEY. When the Senator says we will not take any water at high water, it means that when there is low water we will take 5,000 cubic feet. The distinguished Senator from New York stated what that amount would be in terms of tonnage.

Mr. IVES. It would be 100 tons per inch.

Mr. DIRKSEN. Mr. President, I have heard talk about the plimsol line which is marked on vessels to show how much cargo they should carry, but I have not found anyone who could come up with figures to show there is a line so far as cargoes on lake vessels are concerned. The chief of the port authority undertook to come before the committee, and, in my judgment, he made the case pretty clear. He is not only identified with the port authority, but he was a skipper in his own right, and he spoke from a wealth of experience.

Mr. President, I am not disposed to detain the Senate on this matter. I think we should get around to a vote. We have made our case, and I sincerely hope the Senate will have some regard for the rights of the people of Illinois and permit no neighboring country to veto our health needs, our navigation needs, and the amount of water we must take out of Lake Michigan.

Mr. President, I yield the floor.

Mr. BRICKER. Mr. President, will the Senator from Illinois yield for a question?

Mr. DIRKSEN. I yield.

Mr. BRICKER. This matter came up suddenly this evening. I did not know the bill was coming up at all. Where is the record of testimony taken before the committee? Are there copies of it here?

Mr. DIRKSEN. Testimony was taken 3 years ago, and testimony was recently taken over a period of time.

Mr. BRICKER. Is it printed and available to the Senate?

Mr. DIRKSEN. I do not know. I know that when the committee was in session I appeared before the committee.

Mr. AIKEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. AIKEN. Mr. President, I suggest the absence of a quorum. I should like to have a live quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gore	McNamara
Allott	Green	Millikin
Anderson	Hayden	Monroney
Barrett	Hennings	Morse
Beall	Hill	Mundt
Bender	Holland	Murray
Bennett	Hruska	Neely
Bible	Humphrey	Neuberger
Bricker	Minn.	O'Mahoney
Bridges	Humphreys	Pastore
Bush	Ky.	Payne
Butler	Ives	Purtell
Byrd	Jackson	Robertson
Capehart	Jenner	Russell
Carlson	Johnson, Tex.	Saltonstall
Case, N. J.	Johnston, S. C.	Schoeppel
Case, S. Dak.	Kefauver	Scott
Chavez	Kennedy	Smathers
Clements	Kerr	Smith, Maine
Cotton	Knowland	Smith, N. J.
Curtis	Kuchel	Sparkman
Dirksen	Laird	Stennis
Douglas	Langer	Symington
Duff	Lehman	Thye
Dworshak	Magnuson	Watkins
Eastland	Malone	Wiley
Ellender	Mansfield	Williams
Ervin	Martin, Iowa	Wofford
Frear	Martin, Pa.	Young
Fulbright	McCarthy	
George	McClellan	

Mr. CLEMENTS. I announce that the Senator from Texas [Mr. DANIEL] and the Senator from Louisiana [Mr. LONG] are absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. FLANDERS], the Senator from Arizona [Mr. GOLDWATER], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Idaho [Mr. WELKER] are necessarily absent.

The Senator from Michigan [Mr. POTTER] is absent by leave of the Senate on official business as a member of the American Battle Monuments Commission.

The VICE PRESIDENT. A quorum is present.

Before the Senator from Vermont begins his remarks, the Chair requests that the visitors in the galleries, those who are members of the Senate staff, and the Members of the Senate cooperate in the last few hours of the session so that several items of important business which still remain to be considered may be concluded.

The Chair does not wish to insist on order as the various Senators speak on the matters which are before the Senate, except when it becomes necessary. But

it is important, if the conclusion of the Senate's business is to be reached tonight, that order be maintained.

The Chair will appreciate the cooperation of all who are in the Senate Chamber as we proceed.

Mr. AIKEN. Mr. President, at the beginning of the debate, when the Senator from Vermont undertook to point out how the diversion of the waters which ultimately flow to the St. Lawrence River over Niagara Falls, through the Massena power development, and thence to the Atlantic Ocean would be injurious to his State and possibly would jeopardize the 100,000 kilowatts of power which Vermont expects to receive from the power development on the St. Lawrence River, the Senator from Vermont was referred to as being greedy for undertaking to protect the 100,000 kilowatts of power to which his State is clearly entitled. I am simply wondering who is greedy.

I think we have before us an unparalleled example of greed in a great city, which has probably reached the limit of its growth and is undertaking to continue to grow uneconomically at the cost of all the rural areas of 10, 15, or possibly 20 States.

Only 2 years ago Congress authorized the development of navigation on the St. Lawrence River from the Great Lakes to the Atlantic Ocean. This navigational project will mean much to most of the great States of the Union, from Montana, North Dakota, South Dakota, Wyoming, Minnesota, Wisconsin, and Iowa to all the States to the eastward.

We are now informed that if the water is diverted, so as to lower the level of the lakes even 1 inch, 2 inches, or 4 inches—we do not know how much it will be—the shipping on the Great Lakes and in the St. Lawrence River will be adversely affected. No one seems to know how much or to what extent; but we are told that the shipping will be adversely affected.

I do not know to what extent the power development in the power-short Northeast will be affected. But I do know that the bill permits the division of 5,000 second-feet of water during the low-water period. This amount of water would generate a tremendous amount of power as it went over Niagara Falls and over the 256-foot drop in the St. Lawrence River. It would not be as if that amount were diverted from high water. The diversion would come out of the firm power which is to be generated at Niagara Falls and in Massena Rapids.

This would be a terrible calamity for the States which need the power desperately. We do not have atomic energy plants in our region. Neither do we have natural gas from which to generate power at a price at which we can afford to use it. We must depend on hydro-power.

Is there anyone who can say honestly that we who live in the northeastern section of the United States are greedy if we try to protect our right to have power?

I have noted one thing. I think the Senators from Illinois have given the finest argument for the decentralization of population and the decentralization of industry which I have heard for a long time. They freely admit in their arguments that the great city of Chicago has



reached its maximum growth. They admit that the sewage of that city has reached such great proportions that it would take the waters of the Great Lakes to purify it and to keep the city clean.

When a city has reached the limit of its growth, why should we then undertake to despoil Minnesota, to despoil upper New York, to despoil the rural areas of all the other States, so that that city may grow bigger and bigger and bigger, even though that growth may be uneconomical? That is no way to create a stronger country. There are plenty of other places in the world where people can live and business can be established besides Chicago.

It has been said that Canada can turn water south into the Great Lakes to make up for what Chicago takes out to carry the sewage away from that great city. But the water which Canada would turn into the Great Lakes, as I pointed out, cannot be used to generate power for northeastern United States.

The Senator from Vermont has been called greedy tonight because he is attempting to protect his own State. My goodness. We are entitled to that little 100,000 kilowatts of electricity. But I maintain that the city of Chicago and the State of Illinois are not entitled to ravage the countryside to the north of them by taking waters from the Great Lakes to wash away their sewage. Let them make less sewage in Chicago. [Laughter.] Let them decentralize and get out of there. The city is big enough. Both Senators from Illinois have admitted by their arguments that the city of Chicago has reached the limit of its growth and has even gone beyond it.

So why not let Minnesota, Michigan, Wisconsin, New York, Ohio, and all the other areas in the Great Lakes Basin have that to which they are entitled, instead of attempting to rob them in this fashion so that one great city may become greater?

Mr. President, I said I would speak at length on this subject. I could speak at considerable length, but it would merely be a reiteration of what I have said. I hope the Senate will give me the courtesy of a record vote on the bill so that we may see how each of us stands.

SEVERAL SENATORS. No! No!

Mr. AIKEN. I hear several Senators say No." Let us see in a record vote how the Senators stand.

The VICE PRESIDENT. The Senator from Vermont has asked for the yeas and nays. Is there a second?

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, before the vote is taken, I think there are some facts which the Senator from Vermont and the Senate should note. He is saying that the proposed diversion will imperil the 100,000 kilowatts which Vermont will get from the St. Lawrence. I spent some days in the St. Lawrence area last November. The generating capacity on the American side of the St. Lawrence is approximately 1 million kilowatts. Is not that correct?

Mr. AIKEN. It is about 700,000 kilowatts at Massena.

Mr. DOUGLAS. Vermont is to get 100,000 of the 700,000 kilowatts.

Mr. AIKEN. That is correct.

Mr. DOUGLAS. That leaves quite a margin. Let us see what the International Joint Commission has said about the reduction of power which will be caused by the proposed additional diversion. I read from page 12:

The maximum reduction in dependable capacity which could occur at Canadian and United States plants would be 2,600 and 2,750 kilowatts, respectively. These maximum reductions could occur only in conditions of critical low flow during December and October, 1961, for Canadian and United States plants, respectively.

In other words, the Senator from Vermont is objecting to a decrease of 2,600 kilowatts out of 800,000 kilowatts. Whether that is greed or plain misinformation, I shall let the Senate decide.

Mr. AIKEN. I do not know where the information read by the Senator from Illinois comes from, but if anybody has said that 2,500 second feet of water falling at Niagara and over the Massena rapids do not generate over 2,600 kilowatts, he is greatly mistaken.

Mr. DOUGLAS. I said the diversion would reduce the capacity only by that amount.

Mr. BRICKER. Mr. President, for the first time I have seen the typewritten record. There seems to have been presented to us no printed record at all. I did not know the bill was coming up, but it is interesting to go through the record. No reference has been made to certain interesting matters in it.

I see, first of all, that the attorney general of my State appeared before the committee. I see also that the mayor of Manitowoc also appeared. I see also that the city attorney of Green Bay appeared. I see that Curtis Lee Smith, president of the chamber of commerce, appeared.

#### HOUSING ACT OF 1956— CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Ohio may yield the floor for the purpose of having the Senate consider the conference report on the housing bill, H. R. 11742.

Mr. BRICKER. Mr. President, I am very happy to yield for that purpose.

#### HOUSING ACT OF 1956—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes. I ask unanimous consent for the present consideration of the report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of today.)

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. SPARKMAN. Mr. President, this is a bill which has been of considerable interest to all of us. I wish to say that we have worked in the conference all day long, and I believe the Senate should feel pleased over the results.

I should like to explain rather briefly this rather long bill.

FHA's title I program of insured loans for home repairs and improvements was extended for 3 years. Authority was granted for the FHA Commissioner to waive the requirement that a new house be occupied for 6 months before the owner can obtain a title I loan. The maximum loan for single-family structures was increased from \$2,500 to \$3,500; and for multi-family structures from \$10,000 to \$15,000. The FHA Commissioner is authorized at his discretion to increase the repayment period for title I loans on single-family structures from 3 to 5 years. A new interest rate formula is provided for title I loans consisting of interest equivalent to 5 percent discount on amounts up to \$2,500 and 4 percent discounts on amount over \$2,500.

In order to meet the growing need for rental housing the Senate conferees agreed to a provision which increases the maximum loan-to-value ratio on FHA insured rental housing loans from 80 percent to 90 percent.

The bill reduces from 65 to 50 percent the proportion of veterans in a cooperative group required to make the cooperative eligible for the more liberal terms accorded a veteran cooperative. It would also permit World War I veterans to be counted in determining the percentage of veteran members of a cooperative group. The FHA Commissioner is authorized to increase the maximum loan amount available to FHA-insured cooperative projects by \$1,000 per room in high-cost areas. A new provision was added to section 213 of the National Housing Act which would permit a mortgagor-sponsor approved by the Commissioner to obtain an FHA-insured mortgage upon certification to the Commissioner that the completed housing project will be sold to a cooperative group. Such a sponsor would be entitled to a mortgage not to exceed 85 percent of the Commissioner's estimate of replacement cost of the property. When the property is completed, it may be sold to an eligible cooperative group which will, of course, be entitled to receive the insured mortgage under the terms and conditions available to cooperative groups. If a mortgagor-sponsor takes advantage of these new provisions and fails to sell the completed property or project to a cooperative group, as defined in the bill, he shall not thereafter be eligible for any additional FHA-insured loans under this section.

The bill also contains a provision to encourage the trade-in house program. This provision permits an existing house to have the same loan-to-value ratio for FHA mortgage insurance as the amount available for a new house, with a safeguard to prevent home builders from avoiding FHA inspections.

The bill contains a provision to increase from \$7,000 to \$12,000 the maximum loan amount under the FHA insurance program for disaster housing loans.



This provision is identical to S. 2854 which passed the Senate in April.

In order to continue the normal FHA insurance programs, the bill provides \$3 billion of insurance authorization beginning July 1, 1956. This amount includes any insurance authorization which was unused on that date.

The bill contains a number of new features designed to activate the FHA section 221 program to provide housing for families displaced from urban renewal areas. It is the purpose of these amendments to implement a much-needed program which to date has been largely ineffective. The maximum loan for section 221 mortgages is increased from \$7,600 to \$9,000, and from \$8,600 to \$10,000 in high-cost areas. The bill permits the FHA Commissioner to insure mortgages amounting to 100 percent of the value on both sales and rental housing, except that with respect to sales housing the borrower must pay \$200 cash which may include settlement costs, taxes, and other closing costs. The maximum maturity on section 221 loans is increased from 30 to 40 years on both sales and rental housing. If the mortgagor is a private nonprofit corporation not subject to State or local regulations, the mortgagor must be regulated by the FHA Commissioner.

The Senate bill contained a provision authorizing the FHA to permit up to 10 percent in profit for sponsors of housing to be built in urban renewal areas. The House bill contained a similar provision, except that it would require an allowance of 10 percent for profit unless the FHA Commissioner certifies by regulation that a lesser profit is warranted. After careful consideration of the necessity to replace housing demolished in slum areas, and considering the minor differences between the two bills, the Senate conferees agreed to the provision in the House bill. Except for certain minor additions, the conference bill contains the other provisions on cost certification from the original Senate bill.

The House bill would have extended the military housing program to September 30, 1959, and the Senate bill would have extended the program until December 31, 1957. The conference bill compromised these dates and extends the military housing program until June 30, 1958. The FHA insurance authorization for military housing was increased to \$2.3 billion, which was the amount contained in the Senate bill. The House bill raised the average unit cost of military housing from \$13,000 to \$16,500. The Senate conferees agreed to this increase with a provision that the \$16,500 ceiling must include the cost of equipment built into the houses. This provision has the practical effect of reducing the amount originally provided in the House bill.

The acquisition of military housing constructed under the so-called Wherry Act was an item of serious disagreement in conference. I believe that the provisions contained in the Conference bill should satisfy the Senate. The bill provides that where a new military housing project is to be constructed, the Department of Defense must acquire any Wherry Act project at or near the same mili-

tary installation. The formula for acquisition is exactly the same as that agreed upon by the Armed Services Committees in the military construction bill. This calls for negotiations between the Government and the owner, and for condemnation proceedings if negotiations fail. This should prevent overbuilding of military housing under title VIII of the National Housing Act, and should provide a fair means for the Government to purchase existing projects.

The bill would permit a third party to pay downpayments for a mortgagor 60 years of age or older who buys a house with an FHA-insured loan. The National Housing Act is amended to permit more liberal financing of rental housing designed specifically for elderly persons (90 percent of replacement cost) if the mortgagor is a nonprofit organization and if the entire property or project is specifically designed for the use of elderly persons. The bill also directs the HHFA to establish an advisory committee on matters relating to housing for the elderly.

Although no public housing units are provided specifically for the elderly, the bill does contain some provisions designed to assist elderly persons in obtaining a fair share of the public housing units constructed or to be constructed under the regular program. Thus, a single person aged 65 or over would be permitted to occupy a public housing unit if he meets other requirements. Elderly persons may receive preference in public housing units and units may be designed for the occupancy of elderly persons. An elderly person is not required as are other persons to come from unsafe or insanitary dwellings in order to be eligible. The cost ceiling for public housing units designed for the elderly is established at \$2,250 per room in contrast with the cost ceiling of \$1,750 per room for regular units.

Most of the provisions regarding the Federal National Mortgage Association, which appeared in the original Senate bill, are retained in the Conference bill. The most significant change concerns the purchase of mortgages under the special assistance programs of FNMA. The Senate bill required that such mortgages should be purchased at par. The House would not agree with this provision, and the Conference bill provides that for one year these mortgages must be purchased at not less than 99 percent of par. This is the purchase price presently established under administrative discretion.

Most of the Senate provisions concerning the Slum Clearance and Urban Renewal program were retained. The Senate conferees accepted a provision to increase the ceiling on urban renewal funds which may be made available in any one State, in order to avoid the possibility that this program would not be curtailed in States having the greatest need for slum clearance and urban renewal. The conference bill also amends the provision providing assistance for families or businesses forced to give up their homes or buildings as a result of slum clearance. The Senate bill provided that this compensation could include an estimate of loss of good will in the case of businesses. The House con-

ferees were adamant that this provision be deleted, and the conference bill does not permit allowances for the loss of good will.

In the field of public housing the bill authorizes 35,000 units for 1957 and 1958. The unused balances for 1956 may also be used in any succeeding year. These units are to be made available only to communities with a workable program. At the present time, only 10 percent of the funds available for public housing are permitted to be expended in any one State. This 10 percent limitation is increased to 15 percent. In addition, a provision of the Independent Offices Appropriation Act of 1953 restricting the number of public housing units which may be started in any 1 year is repealed.

The provisions of the Senate bill concerning the disposition of certain farm-labor camps were retained with several amendments including a provision that no camp in Florida may be sold unless the proceeds are used to provide additional units of housing for farm laborers.

The provisions in the original Senate bill concerning the transfer or sale of defense-housing projects were administration proposals. The conference bill retains these provisions with several amendments and additions to which there has been no objection.

The conference bill contains an increase of \$250 million in the loan fund for college housing. The House insisted that college housing loans should not be extended to divinity schools, and this provision is not in the bill.

Title V of the Housing Act of 1949 is amended to extend for 5 years the farm-housing program authorized by that title. This provision extends the program to June 30, 1961, authorizes \$450 million for farm-housing loans, \$10 million for contributions by the Secretary of Agriculture to prevent defaults in payments of loans for potentially adequate farms, and \$50 million in grants and loans for improvement and repair of farms.

The original Senate bill contained a provision to revive authority for hospital construction loans. This provision remains in the conference bill, except that the authority will be available through fiscal year 1958 instead of fiscal year 1957, as provided in the Senate bill.

The VA direct loan program which has been an extremely valuable portion of our housing program is scheduled to expire on June 30, 1957. The VA-guaranty home loan program has been extended for 1 year by a bill recently passed by both House and Senate, H. R. 9260. A provision in the bill would bring the direct loan program in line with the guaranty program by extending it for 1 year.

We worked out the very controversial Wherry housing program in a way which I believe will be thoroughly acceptable to the Senate. We adopted, to a great extent, what is provided in the military construction bill.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MONRONEY. The senior Senator from Illinois [Mr. Douglas] and the junior Senator from Oklahoma refused to sign the report on the ground that the Senate was placed in the position of



being forced to accept the "take-out" provision for Wherry housing to be offered to the Government under conditions which we both feared would open dangerous possibilities of windfall profits from Wherry projects.

For that reason, neither the Senator from Illinois nor I felt we could sign the conference report. The Senate is placed in a peculiar position, in that the House was adamant in demanding that there be legislation enacted giving the owners of Wherry housing the right to negotiate the sale of such houses or to have them sold through condemnation, which, under a court test, the Senator from Illinois and I thought would cause great windfall profits, because there would be shown an appreciation of values which the builders did not have in the houses, but which would result only because of their proximity to large military installations. For that reason we were unable to sign the report.

Mr. SPARKMAN. The Senator from Oklahoma has very well stated the position taken both by him and by the Senator from Illinois [Mr. DOUGLAS] in conference. Of course, Senators will remember that two nights ago, when the provision was debated, the Senate as a whole was very much disturbed over the Wherry provisions of the House bill. I believe the Senator from Oklahoma will acknowledge that we did the very best we could.

Mr. MONRONEY. The report represents the very best possible compromise that could be made, but I personally feel that the matter should be given careful study and investigation by the Banking and Currency Committees of the two Houses next year, and not have the measure forced on us in the closing hours of the session.

Mr. SPARKMAN. In such event there would not have been a housing bill. The Senator from Oklahoma will recall that, so far as sale by negotiation is concerned, we adopted the formula which the Senate had already adopted in a previous measure. I can only say with reference to condemnation, we have no control over condemnation awards. Such matters are settled under provisions of the Constitution of the United States, which provides that when private property is taken, just compensation shall be paid. Congress cannot write a formula to change that.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LEHMAN. The Senator from Alabama will remember, I am sure, that last night, after the Senate reduced the number of public housing units from 135,000 to 35,000, it completely eliminated the provision respecting housing for elderly people. I refused to serve on the conference committee. I did so as a protest against the action of the Senate, in the first place, in reducing the number of units from 135,000 to 35,000, and, in the second place, for making it impossible for Members of the conference committee even to discuss the all-important question of public housing.

Now we have a bill—I do not know all the provisions of it—as a result of a conference which was held this afternoon. I do know that the bill contains a piti-

fully and pathetically small number of public housing units. The bill provides for only 35,000 units instead of 135,000 units, which number was adopted in a measure passed by the Senate only 2 or 3 months ago. The bill also contains no provision whatsoever for housing for elderly people. I think it is a record in which no Member of the Senate can take pride, and I deplore it and protest against it with all the vigor at my command.

Mr. SPARKMAN. Mr. President, the Senator from New York knows we did the best we could in respect to public housing, if we were to have a housing bill at all. The Senator is correct in stating his own position. But, Mr. President, after all, legislation, at best, must be a compromise; and we got the very best compromise we could.

I wish to correct one thing the Senator said; he said that in the bill there is no provision for housing for elderly persons. Mr. President, the conference report does not contain the fine program which was in the bill as it was passed by the Senate, or even the one which was in the bill as reported by the House committee. But we still include the FHA provisions to assist elderly persons. In the public housing which is provided—in other words, 35,000 a year for each of the next 2 years, plus the carryover, which will be approximately 20,000 units, making a total of approximately 90,000 units over the next 2 years—there is considerable relief for elderly persons. I hope the units provided will prove to be a test which will make it possible for us on the next go-around to take steps which will be of real help to the elderly persons of the country.

Mr. CASE of South Dakota. Mr. President, I should like to ask a question, if the Senator from Alabama will yield?

Mr. SPARKMAN. I yield.

Mr. CASE of South Dakota. Do the provisions of the conference report require that the Secretary of Defense purchase the Wherry housing?

Mr. SPARKMAN. Only in those cases in which title 8 housing—Capehart housing—has been authorized, where there are Wherry housing projects on or near the particular installation; and the requirement is that the Government shall first try to purchase by negotiation; and if that fails, then by condemnation.

Mr. CASE of South Dakota. Is the Secretary of Defense required to make a finding that there is a military necessity for the housing, before he buys it?

Mr. SPARKMAN. That is true, because he cannot get Capehart housing without making such a finding, and he is required to purchase only where he proposes to build Capehart housing.

Mr. CASE of South Dakota. I may say the members of the armed services subcommittee dealing with military housing the other night—with the provision of the bill requiring the Secretary to buy Wherry housing—felt that would be improper if it should be required, with the price formula which was in that bill, which would be the cost or replacement plus depreciation.

Mr. SPARKMAN. I think the Senator will recall that we were in general agreement with that viewpoint, and we took

out the price formula, and coupled the compulsory purchase of Wherry projects with the attempt to build new housing at the post.

Mr. CASE of South Dakota. And the requirement to purchase is only where a finding has been made of a military need for the housing; is that correct?

Mr. SPARKMAN. That is correct.

Mr. CASE of South Dakota. I thank the Senator.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

#### IMMIGRATION LEGISLATION

Mr. CLEMENTS. Mr. President, this morning we passed an immigration bill, a measure which would make some constructive changes in the McCarran-Walter Act and some essential modifications in the Refugee Relief Act.

It was not a radical bill, and the changes were not sweeping ones, although they were good for America and represent a constructive liberalization both of the McCarran-Walter Act and the Refugee Relief Act—amendments which would help make these two laws work in a more humane and flexible manner—more in keeping with the spirit and tradition of America.

Before the Senate passed that legislation, it considered and then turned down by a voice vote some very far-reaching proposals for the modification of the Immigration and Nationality Act, made by the junior Senator from New York [Mr. LEHMAN], who had associated with him on that proposal a number—I think it was 12—other Members of the Senate.

Mr. President, I want to pay tribute to the leadership which has been given to the forces fighting for immigration reform by the junior Senator from New York. He has been fighting that battle, and has been supported by other Members of this body—and I could name quite a few names: the junior Senator from Minnesota [Mr. HUMPHREY], the senior Senator from Illinois [Mr. DOUGLAS], the junior Senator from Rhode Island [Mr. PASTORE], the senior Senator from Oregon [Mr. MORSE]—and quite a few other Senators—ever since he has been a Member of the Senate. It has been one of his chief crusades, and he is, as we all know, an inveterate crusader for the causes in which he believes, whether all of us go along with him in all those causes or not.

In my judgment, the bill the Senate passed today was in some measure at least, if not in a major measure, a reflection of the tireless advocacy of immigration reform of the junior Senator from New York [Mr. LEHMAN]. I do not want to overlook anybody who deserves credit in this field, and there are those on both sides of the aisle. But I do want to say that Senator LEHMAN has been a most tireless spokesman for immigration reform not only in the Senate, but in the country at large. I know of his efforts to inform the American people on this issue, and both the supporters and opponents of changes in our immigration laws recognize his leadership in this field.



bers who have spoken may revise and extend their remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. BONNER. Mr. Chairman, I ask unanimous consent that all Members may be permitted to extend their remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That (a) the Secretary of the Interior is authorized to make grants, out of funds appropriated for the purposes of this section, to public and nonprofit, private universities and colleges in the several States and Territories of the United States for such purposes, including the establishment of scholarships, as may be necessary to promote the education and training of professionally trained personnel (including technicians and teachers) needed in the field of commercial fishing. Any amount appropriated for the purposes of this section shall be apportioned on an equitable basis, as determined by the Secretary of the Interior, among the several States and Territories for the purpose of making grants within each such State and Territory. In making such apportionment the Secretary of the Interior shall take into account the extent of the fishing industry within each State and Territory as compared with the total fishing industry of the United States (including Territories), and such other factors as may be relevant in view of the purposes of this section. The Secretary of the Interior may establish such guides and curricula for educational courses as may be necessary for the purposes of this section.

(b) There are authorized to be appropriated not in excess of \$550,000 for the fiscal year beginning on July 1, 1956, and for each fiscal year thereafter for the purposes of this section.

(c) The Secretary of the Interior may establish such regulations as may be necessary to carry out the provisions of this section.

With the following committee amendments:

Page 1, line 7, following the word "purposes", delete ", including the establishment of scholarships,".

Page 1, line 9, following the word "including", insert "scientists,".

Page 2, line 10, delete the words, "The Secretary of."

Page 2, lines 11, 12, and 13, delete in entirety.

The committee amendments were agreed to.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there are a few questions I should like to ask concerning this legislation, which calls for the spending of \$1 million a year in perpetuity to teach people about fish and how to catch them. We have had numerous explanations, but what do you propose to do; train people how to catch fish, train technicians, or what? What is the purpose of the bill?

Mr. BONNER. The bill speaks for itself. It is to prepare men for scientific

studies in the propagation and study of fish and fish life, just as you prepare men in other vocations. In addition to other things, the bill carries an extension of the program in high-school work, for young men who may be interested in this subject.

Mr. GROSS. I want to get at that, too. What is going to be the educational requirement? There are no basic requirements or standards in this bill.

Mr. BONNER. The gentleman knows what was done in the agricultural colleges, to prepare the county agents and people of that kind, to know more about agriculture. This bill has the same purpose, to teach young men something about fish and fish life, just as in the extension course in the agricultural college.

Mr. GROSS. One of the gentlemen who preceded me, and spoke in behalf of the measure, said that with immigration having reduced, fishermen were not coming from foreign countries to this country. To the contrary, immigration has been increased, but is the purpose of this bill to teach people how to catch fish or to do just what?

Mr. BONNER. It would imply all of those things, yes; to study the movement of fish in deep water, exploration of places where fish go, and how to go about getting more fish.

Mr. GROSS. Did not the House just the other day pass a bill providing for a brand new Assistant Secretary in the Department of the Interior to head up the Fish and Wildlife Service; and was there not a Division of Fishing Industry created there for the first time? And is there not going to be a Director appointed over there and a number of technical and scientific employees?

Mr. BONNER. Mr. Chairman, I am delighted the chairman asked that question. It is difficult to get the right kind of people, people properly qualified in the Fish and Wildlife Service, to carry out the authorizations and appropriations that we have made. The purpose here is to bring up young men who will be qualified in this field. In one State they had a large river that became very much polluted, or something happened to it, and the fish were dying by the thousands.

Mr. GROSS. Is this a stream-pollution bill or a bill to teach people how to catch fish?

Mr. BONNER. If the gentleman would wait a minute, I should be glad to tell him. We had one man, an ichthyologist, to go there and make a study. It would take 3 or 4 years to make that kind of a study. We finally got this man to that place, and he is in great demand all over the country.

Mr. GROSS. Mr. Chairman, I am not very much impressed by that argument.

Mr. BONNER. I am sorry.

Mr. GROSS. The gentleman has not yet answered my question as to whether you are going to try to train people to catch fish or whether you are going to train technicians, scientific people, and so forth. Let me ask the gentleman this question: Where is this money going to be expended?

Mr. MILLER of California. Mr. Chairman, would the gentleman yield to me?

Mr. GROSS. I yield to the gentleman from California.

Mr. MILLER of California. As far as specific institutions are concerned, I do not know where it will go any more than we knew when we established the agricultural program in this country. Let me say in all sincerity to the gentleman who has raised some very interesting questions that I did say that immigration had been cut off and that that took away from us people who used to come to this country, who were fishermen. We have to train men from the ground up in the business, just as we had to train people in agriculture.

The gentleman has a great agricultural school at Ames, Iowa. We have a great one in California. There is not a State that does not have a great agricultural school. They are pouring people continuously into the field of agriculture.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

(Mr. GROSS asked and was given permission to proceed for 5 additional minutes.)

Mr. GROSS. I yield further to the gentleman from California.

Mr. MILLER of California. Then we have schools in vocational training which we can use in this program, to teach people, for instance, how to make nets; for instance, there is the field of refrigeration in the fishing industry, where we lack trained people. I am just trying to think of a few practical examples. The same type of problems existed in agriculture when we had to train people to go out and do scientific work in that field.

Mr. GROSS. If this bill is for the purpose of teaching people how to make fish nets, we are getting far afield and mighty reckless with the taxpayers' money.

Mr. BONNER. Mr. Chairman, would the gentleman yield to me again?

Mr. GROSS. I yield to the gentleman.

Mr. BONNER. If the gentleman will read the bill he will see on page 1, line 3—and this is in answer to the gentleman's question—

That (a) the Secretary of the Interior is authorized to make grants, out of funds appropriated for the purposes of this section, to public and nonprofit private universities and colleges in the several States and Territories of the United States—

For the following purposes. Now that is the purpose of the bill.

Mr. GROSS. Are you going to establish a course in fishing at the Iowa State College?

Mr. BONNER. Is the gentleman's college interested in getting a grant or a scholarship for this purpose?

Mr. GROSS. The gentleman knows the answer is that there would not be a course in fishing established there because there is not money enough in this bill to begin to go around, if courses in fishing were dished out to all the State colleges and universities in the United States.

As to vocational training, the State of Iowa carries its full share of the cost



but the States benefited by this bill would make no contribution whatever.

Mr. BONNER. I agree with the gentleman there is not enough money to spread around to all the States.

Mr. GROSS. Why does not the fishing industry take an interest in this training and defray part or all of the cost?

This is a strange committee report. The report on page 1 deals with this bill, and then from page 2 on it deals with tariffs and the distress of the New England textile industry.

I sympathize with the New England textile industry. It is having a hard time there days, but to the people of New England who are having this trouble I would say, "If most of your Representatives were not voting to spend so much money on the foreign WPA extravaganzas, teaching people in foreign countries and providing them with the machinery to make and export textiles, you would not be in the trouble you are in now." Join me next year in cutting the foreign handout bill, and you will not be in so much trouble with your industries.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. VORYS. The gentleman was told this was a bill to teach people how to catch fish. I understood it was to teach them how and where and when not to catch fish, so that the fish could grow larger and happy families to be caught later. Will the gentleman follow that up with these experts? I thought it was to teach people how and where and when not to get the fish.

Mr. GROSS. I thank the gentleman, but I still cannot tell the gentleman just what this bill proposes to do.

Mr. PILLION. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to my friend from New York.

Mr. PILLION. Will the gentleman tell us whether or not there has been any request from the various conservation departments of the 48 States for this money?

Mr. GROSS. I certainly have had no request from the Department of Conservation of Iowa for this legislation.

Mr. PILLION. Can anyone tell us how many research scientists we will need in the next 10 years in the various State conservation departments, and whether or not this \$1 million per year is enough or too much to fill the needs of the 48 States and the Federal Fish and Wildlife Service?

Mr. GROSS. Perhaps the gentleman from North Carolina or the gentleman from Washington can tell the gentleman. I certainly cannot answer the question.

Mr. Chairman, I submit that a valid case for this legislation has not been made. It wraps around the necks of all the taxpayers a bill of \$1 million a year for all time, plus the millions that will be spent through the new Division of Fisheries in the Department of the Interior. This is ridiculous and reckless legislation of which we already have too much in this session of Congress.

If there is not to be a rollcall vote, let the record show my vote against this bill.

The Clerk read as follows:

SEC. 2. (a) Section 3 (a) of the Vocational Education Act of 1946 is amended by inserting after paragraph (4) the following new paragraph:

"(5) \$375,000 for vocational education in the fishery trades and industry and distributive occupations therein, to be apportioned for expenditure in the several States and Territories on an equitable basis, as determined by the United States Commissioner of Education after consultation with the Secretary of the Interior, taking into account the extent of the fishing industry of each State and Territory as compared with the total fishing industry of the United States (including Territories)."

(b) Section 3 (b) of such act is amended by striking out "paragraphs (1) to (4)" and inserting in lieu thereof "paragraphs (1) to (5)."

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. HAYS of Arkansas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 10433) to promote the fishing industry in the United States and its Territories by providing for the training of needed personnel for such industry, pursuant to House Resolution No. 612, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? [After a pause.] If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. GROSS. Mr. Speaker, on that I ask for a division.

#### IMPROVEMENT OF HOUSING AND CONSERVATION AND DEVELOPMENT OF URBAN COMMUNITIES

The SPEAKER. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 11742) to extend and amend laws relating to the provision and development of urban communities, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. SPENCE, BROWN of Georgia, PATMAN, RAINS, WOLCOTT, GAMBLE, and TALLE.

#### CORRECTIONS IN H. R. 7619

The SPEAKER. The Chair recognizes the gentleman from Tennessee [Mr. MURRAY].

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent for the immediate consideration of a concurrent resolution (H. Con. Res. 275), which I send to the Clerk's desk.

The Clerk read the concurrent resolution, as follows:

*Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H. R. 7619), to adjust the rates of compensation of the heads of the executive departments and of certain other officials of the Federal Government, and for other purposes, the Clerk of the House is authorized and directed to make the following corrections:*

In section 104 (a), strike out subsection (b) following section 104 (a) (4) and insert the said subsection (b) immediately preceding section 105.

In section 118, strike out "116" and insert "117."

In section 9 (d) of the amendment made by section 401, strike out "first or second" and insert in lieu thereof "second or third."

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

#### PROVIDING TRAINING OF NEEDED PERSONNEL FOR FISHING INDUSTRY

The SPEAKER. The question is on the passage of the bill H. R. 10433. The gentleman from Iowa [Mr. Gross] has asked for a division.

The question was taken; and on a division (demanded by Mr. Gross) there were—yeas 28, nays 37.

So the bill was passed.

A motion to reconsider was laid on the table.

Mr. BONNER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2379) to promote the fishing industry in the United States and its Territories by providing for the training of needed personnel for such industry, which is a similar bill to the bill just passed by the House.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the Senate bill, as follows:

*Be it enacted, etc., That (a) the Secretary of the Interior is authorized to make grants, out of funds appropriated for the purposes of this section, to public and nonprofit private universities and colleges in the several States and Territories of the United States for such purposes, including the establishment of scholarships, as may be necessary to promote the education and training of professionally trained personnel (including scientists, technicians, and teachers) needed in the field of commercial fisheries. Any amount appropriated for the purposes of this section shall be apportioned on an equitable basis, as determined by the Secretary of the*



Somewhat our people have been imbued with the philosophy that all wisdom, all power and an unlimited supply of money reside in the Federal Government in Washington. In my humble opinion, the continued growth of this philosophy will engulf us and within a very few years, if not halted, we will wind up with one strong central government and the States will be relegated to the position of mere provinces. If this happens, then our citizens will not be able to go to the city hall, the county courthouse, or the State capital for redress of their grievances, but will have to journey to Washington to present each complaint. Let us all as good Americans strive with all of our might to prevent this from occurring.

We have developed a great country and the finest system of government ever known to man. It is the duty of all Americans to help preserve our way of life. As Thomas Jefferson said:

Eternal vigilance is the price of liberty.

If we are to save our Republic all Americans must be eternally vigilant.

In closing let me say again that it has been a great privilege and high honor to serve in the Congress of the United States. I express my deep appreciation to the people of my congressional district for this great distinction. I have been honored to serve with what I consider to be the finest delegation in the Congress—the North Carolina delegation. To each of them, I express my thanks for all of the courtesies which they have extended to me. I have made many fine friendships here in this body—friendships which I shall cherish so long as I shall live.

The SPEAKER. The time of the gentleman from California has expired, and the Chair right now is going to declare a recess subject to the call of the Chair.

The bells will be rung 10 minutes before the expiration of the recess.

#### RECESS

Thereupon (at 8 o'clock and 52 minutes p. m.) the House stood in recess subject to the call of the Chair.

#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 9 o'clock and 48 minutes p. m.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Frazer, one of its clerks announced that the Senate had passed without amendment bills and a concurrent resolution of the House of the following titles:

H. R. 3489. An act to amend the Federal Employees' Group Life Insurance Act of 1954 to bring employees of Gallaudet College within its coverage;

H. R. 12396. An act to authorize the Honorable BARRATT O'HARA to accept and wear the award of the Medal for Distinguished Military Service in white tendered by the President of the Republic of Cuba, Major General Fugencio Batista y Zaldivar; and

H. Con. Res. 275. Concurrent resolution correcting enrollment of H. R. 7619.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 912. An act to amend the act of April 23, 1930, relating to a uniform retirement date for authorized retirements of Federal personnel, and the Foreign Service Act of 1946, as amended; and

S. 3941. An act relating to certain mining claims which were eligible for validation under the act of August 12, 1953, but which were not validated solely because of the failure of the owners to take certain action to protect their claims within the prescribed period.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill S. 3467 entitled "An act to authorize the conveyance of tribal lands from the Shoshone Indian Tribe and the Arapahoe Indian Tribe of the Wind River Reservation in Wyoming to the United States."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H. R. 12080 entitled "An act authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes."

#### PROVISION AND IMPROVEMENT OF HOUSING AND THE CONSERVATION AND DEVELOPMENT OF URBAN COMMUNITIES

Mr. SPENCE submitted the following conference report and statement on the bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes:

##### CONFERENCE REPORT (H. REPT. NO. 2958)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Housing Act of 1956'."

##### "TITLE I—FHA INSURANCE PROGRAMS"

##### "Property improvement loans"

"SEC. 101. (a) (1) Section 2 (a) of the National Housing Act is amended by striking out 'September 30, 1956' and inserting in lieu thereof 'September 30, 1959'."

"(2) The proviso in the second paragraph of section 2 (a) of such Act is amended to read as follows: 'Provided, That this clause (iii) may in the discretion of the Commissioner be waived with respect to the period of occupancy or completion of any such new residential structures'."

"(b) Section 2 (b) of such Act is amended—

"(1) by striking out 'made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds \$2,500, or for the purpose of financing the construction of new structures exceeds \$3,000' and inserting in lieu thereof 'exceeds \$3,500';

"(2) by striking out 'except that' in clause (2) and inserting in lieu thereof 'except that the Commissioner may increase such maximum limitation to five years and thirty-two days if he determines such increase to be in the public interest after giving consideration to the general effect of such increase upon borrowers, the building industry, and the general economy, and'; and

"(3) by striking out '\$10,000' and inserting in lieu thereof '\$15,000 nor an average amount of \$2,500 per family unit'."

"(c) Section 2 (b) of such Act is further amended by striking out 'Provided, That' and inserting in lieu thereof the following: 'Provided, That any such obligation with respect to which insurance is granted under this section on or after sixty days from the date of the enactment of this proviso shall bear interest, and insurance premium charges, not exceeding (A) an amount, with respect to so much of the net proceeds thereof as does not exceed \$2,500, equivalent to \$5 discount per \$100 of original face amount of a one-year note payable in equal monthly installments, plus (B) an amount, with respect to any portion of the net proceeds thereof in excess of \$2,500, equivalent to \$4 discount per \$100 of original face amount of such a note: *Provided further*, That the amounts referred to in clauses (A) and (B) of the preceding proviso, when correctly based on tables of calculations issued by the Commissioner or adjusted to eliminate minor errors in computation in accordance with requirements of the Commissioner, shall be deemed to comply with such proviso: *Provided further*, That'."

##### "Sales housing insurance"

"Sec. 102. (a) Section 203 (b) (2) of the National Housing Act is amended by striking out '(but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, 90 per centum)' and inserting in lieu thereof the following: '(but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance, 90 per centum)'."

"(b) Section 203 (h) of such Act is amended by striking out '\$7,000' and inserting in lieu thereof '\$12,000'."

##### "Rental housing insurance"

"SEC. 103. (a) Section 207 (c) (2) of the National Housing Act is amended by striking out '80 per centum' and inserting in lieu thereof '90 per centum'."

"(b) Section 207 (c) (3) of such Act is amended to read as follows:

"(3) not to exceed, for such part of such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit) or not to exceed \$1,000 per space or \$300,000 per mortgage for trailer courts or parks: *Provided*, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations per room contained in



this paragraph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require."

*"Housing for the elderly"*

"SEC. 104. (a) Section 203 (b) (2) of the National Housing Act is amended by striking out the final period and inserting in lieu thereof a comma and the following: 'except that with respect to a mortgage executed by a mortgagor who is sixty years of age or older as of the date the mortgage is accepted for insurance, the mortgagor's payment required by this proviso may be paid by a corporation or person other than the mortgagor under such terms and conditions as the Commissioner may prescribe.'"

"(b) Section 207 (b) of such Act is amended—

"(1) by inserting '(except provisions relating to housing for elderly persons)' before 'to take' in the unnumbered paragraph immediately following paragraph (2); and

"(2) by inserting '(except with respect to housing designed for elderly persons, with occupancy preference therefor, as provided in the paragraph following paragraph (3) of subsection (c))' after 'hereunder' in the second unnumbered paragraph following paragraph (2).

"(c) Section 207 (c) of such Act is amended by striking out the unnumbered paragraph immediately following paragraph (3) and inserting in lieu thereof the following new paragraph:

"Notwithstanding any of the limitations contained in paragraphs (2) and (3) of this subsection, if the entire property or project is specially designed for the use and occupancy of elderly persons in accordance with standards established by the Commissioner and the mortgagor is a financially qualified nonprofit organization acceptable to the Commissioner, the mortgage may involve a principal obligation not in excess of \$8,100 per family unit for such part of such property as may be attributable to dwelling use and not in excess of 90 per centum of the amount which the Commissioner estimates will be the replacement cost of such property or project when the proposed physical improvements are completed: *Provided*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to elderly persons priorities in occupancy of the units designed for their use."

"(d) The Housing and Home Finance Administrator shall establish, in accordance with the provisions of section 601 of the Housing Act of 1949, as amended, an advisory committee on matters relating to housing for elderly persons."

*"Cooperative housing insurance"*

"SEC. 105. (a) Section 213 (a) of the National Housing Act is amended—

"(1) by striking out 'or' at the end of paragraph (1);

"(2) by inserting 'or' at the end of paragraph (2);

"(3) by adding after paragraph (2) the following new paragraph:

"(3) a mortgagor, approved by the Commissioner, which (A) has certified to the Commissioner, as a condition of obtaining the insurance of a mortgage under this section, that upon completion of the property or project covered by such mortgage it intends to sell such property or project to a nonprofit corporation or nonprofit trust of the character described in paragraph (1) of this subsection at the actual cost of such property or project as certified pursuant to section 227 of this Act and will faithfully and diligently make and carry out all reasonable efforts to consummate such sale, and (B) shall be regulated or restricted by the Commissioner as to rents, charges, capital structure, rate of return, and methods of operation during any period while it holds the mortgaged property or project; and for

such purpose the Commissioner may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulation, such stock or interest to be paid for out of the Housing Fund and to be redeemed by such mortgagor at par upon the sale of such property or project to such nonprofit corporation or nonprofit trust;"; and

"(4) by adding 'referred to in paragraphs (1) and (2) of this subsection' after 'which corporations or trusts'."

"(b) Section 213 (b) (2) of such Act is amended—

"(1) by striking out '65 per centum' and inserting in lieu thereof '50 per centum';

"(2) by amending the last proviso to read as follows: ': And provided further, That for the purposes of this section the word "veteran" shall mean a person who has served in the active military or naval service of the United States at any time on or after April 6, 1917, and prior to November 12, 1918, or on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to February 1, 1955'; and

"(3) by inserting immediately after '\$8,900' a semicolon and the following: 'except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations per room contained in this paragraph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require: *Provided further*, That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 85 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided further*, That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit cooperative ownership housing corporation or trust within two years after the completion of such property or project, the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso'."

"(c) Section 213 of such Act is further amended by adding at the end thereof the following subsection:

"(h) In the event that a mortgagor of the character described in paragraph (3) of subsection (a) obtains an insured mortgage loan pursuant to this section and fails to sell the property or project covered by such mortgage to a nonprofit housing corporation or nonprofit housing trust of the character described in paragraph (1) of subsection (a) hereof, such mortgagor shall not thereafter be eligible by reason of such paragraph (3) for insurance of any additional mortgage loans pursuant to this section."

"(d) Paragraph (a) of section 227 of such Act is amended by inserting after 'subsection (a) thereof' the following: 'or with respect to any property or project of a mortgagor of the character described in paragraph (3) of subsection (a) thereof'."

*"General mortgage insurance authorization"*

"SEC. 106. Section 217 of the National Housing Act is amended—

"(1) by striking out 'July 1, 1955' in the first sentence and inserting in lieu thereof 'July 1, 1956';

"(2) by striking out '\$4,000,000,000' in the first sentence and inserting in lieu thereof '\$3,000,000,000'; and

"(3) by striking out 'section 2' in the first and second sentences and inserting in lieu thereof 'section 2 and section 803'."

*"Housing in urban renewal areas"*

"SEC. 107. (a) Section 220 (d) (3) (B) (ii) of the National Housing Act is amended by inserting after 'Commissioner' in the parenthetical phrase a comma and the following: 'and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage'."

"(b) Section 220 (d) (3) (B) (iii) of such Act is amended by striking out in the first proviso thereof all that follows 'construction and design' and inserting in lieu thereof a colon and the following: '*Provided further*, That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed \$1,000 per room or per family unit, as the case may be, in any geographical area where he finds that cost levels so require'."

*"Low-cost housing for displaced families"*

"SEC. 108. Section 221 (d) of the National Housing Act is amended—

"(1) by striking out '\$7,600' in paragraphs (2) and (3) and inserting in lieu thereof '\$9,000';

"(2) by striking out '\$8,600' in paragraphs (2) and (3) and inserting in lieu thereof '\$10,000';

"(3) by striking out '95 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent' in paragraph (2) and inserting in lieu thereof the following: 'the appraised value (as of the date of the mortgage is accepted for insurance) of a property upon which there is located a dwelling designed principally for a single-family residence, less such amount as may be necessary to comply with the succeeding proviso: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least \$200 in cash or its equivalent (which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses)';

"(4) by striking out '95 per centum of' in paragraph (3);

"(5) by striking out 'agencies thereof' in paragraph (3) and inserting in lieu thereof 'agencies thereof or the Federal Housing Commissioner'; and

"(6) by striking out 'thirty' in paragraph (4) and inserting in lieu thereof 'forty'."

*"Approval of cost certifications"*

"SEC. 109. Section 227 of the National Housing Act is amended—

"(1) by inserting after the first sentence the following new sentence: 'Upon the Commissioner's approval of the mortgagor's certification as required hereunder, such certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the mortgagor.'"

"(2) by inserting after 'legal expenses,' each place it appears in paragraph (c) the following: 'such allocations of general overhead items as are acceptable to the Commissioner';

"(3) by inserting after 'maximum insurable mortgage amount' in paragraph (b) a semicolon and the following: 'except that if the mortgage is to assist the financing of repair or rehabilitation and no part of the proceeds will be used to finance the pur-



chase of the land or structure involved, the approved percentage shall be 100 per centum; and by striking out '(without reduction by reason of the application of the approved percentage requirements of this section)' in clause (ii) (B) of paragraph (c);

"(4) by amending the proviso in paragraph (c) to read as follows: 'Provided, That such additional amount under (A) of this clause (ii) shall in no event exceed the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation, and such additional amount under (B) of this clause (ii) shall in no event exceed the approved percentage of the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation'; and

"(5) by adding at the end of paragraph (c) the following: 'In the case of a mortgage insured under section 220 where the mortgagor is also the builder as defined by the Commissioner, there shall be included in the actual cost, in lieu of the allowance for builder's profit under clause (i) or (ii) of the preceding sentence, an allowance for builder's and sponsor's profit and risk of 10 per centum (unless the Commissioner, after finding that such allowance is unreasonable, shall by regulation prescribe a lesser percentage) of all other items entering into the term "actual cost" except land or amounts paid for a leasehold and amounts included under either (A) or (B) of clause (ii) of the preceding sentence. In the case of a mortgage insured under section 220 where the mortgagor is not also the builder as defined by the Commissioner, there shall be included in the actual cost an allowance for sponsor's profit and risk of the said 10 per centum or lesser percentage of all other items entering into the term "actual cost" except land or amounts paid for a leasehold, amounts included under either (A) or (B) of the said clause (ii), and amounts paid by the mortgagor under a general construction contract.'

#### "TITLE II—SECONDARY MORTGAGE MARKET

"SEC. 201. Section 302 (b) of the National Housing Act is amended—

"(1) by striking out 'and (2)' and inserting in lieu thereof '(2)';

"(2) by striking out 'if (i)' and inserting in lieu thereof 'if'; and

"(3) by striking out 'or (ii) the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage' and inserting in lieu thereof 'and (3) the Association may not purchase any mortgage, except a mortgage insured under section 803 or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage'.

"SEC. 202. Section 303 (b) of such Act is amended by striking out the first sentence and inserting: 'The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of non-refundable capital contributions equal to 2 per centum of the unpaid principal amounts of mortgages purchased or to be purchased by the Association from such seller or equal to such other greater or lesser percentage, but not less than 1 per centum thereof, as the Association may determine from time to time, taking into consideration conditions in the mortgage market and the general economy.'

"SEC. 203. Section 304 (a) of such Act is amended by striking out 'at the market price' in the second sentence and inserting 'within the range of market prices'.

"SEC. 204. (a) Section 304 (a) of such Act is amended by adding at the end thereof the

following new sentence: 'Notwithstanding any other provision of this section, advance commitments to purchase mortgages in secondary market operations under this section shall be issued only at prices which are sufficient to facilitate advance planning of home construction, but which are sufficiently below the price then offered by the Association for immediate purchase to prevent excessive sales to the Association pursuant to such commitments.'

"(b) Section 304 (d) of such Act is amended to read as follows:

"(d) The Association may not purchase participations in its operations under this section.'

"SEC. 205. Section 305 (b) of such Act is amended by striking out the second sentence and inserting in lieu thereof the following: 'Notwithstanding any other provision of this section, the price to be paid by the Association for mortgages purchased in its operations under this section, during a period of one year from the date of the enactment of the Housing Act of 1956, shall be not less than 99 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items.'

"SEC. 206. Section 305 (f) of such Act is amended by striking out 'by the Housing Amendments of 1955' and inserting in lieu thereof 'on or after August 11, 1955'.

"SEC. 207. Section 305 (e) of such Act is amended—

"(1) by inserting 'and purchase transactions' after the words 'advance commitment contracts';

"(2) inserting 'or transactions' after the words 'if such commitments'; and

"(3) by striking out 'but not more than \$5,000,000 of such authorization shall be available for such commitments in any one State' and inserting in lieu thereof 'but such commitments in any one State shall not exceed \$5,000,000 outstanding at any one time'.

"SEC. 208. So much of section 305 (c) of such Act as precedes the proviso is amended by striking out 'purchasers' and inserting in lieu thereof 'purchases'.

"SEC. 209. (a) The last sentence of section 306 (c) of such Act is amended by striking out 'and subsection (e) of this section'.

"(b) Section 306 (e) of such Act is repealed.

#### "TITLE III—SLUM CLEARANCE AND URBAN RENEWAL

"SEC. 301. Section 102 (d) of the Housing Act of 1949 is amended by adding at the end thereof the following: 'Notwithstanding section 110 (h) or the use in any other provision of this title of the term "local public agency" or "local public agencies" the Administrator may make advances of funds under this subsection for surveys and plans for an urban renewal project (including General Neighborhood Renewal Plans as hereinafter defined) to a single local public body which has the authority to undertake and carry out a substantial portion, as determined by the Administrator, of the surveys and plans or the project respecting which such surveys and plans are to be made: *Provided*, That the application for such advances shows, to the satisfaction of the Administrator, that the filing thereof has been approved by the public body or bodies authorized to undertake the other portions of the surveys and plans or of the project which the applicant is not authorized to undertake.'

"SEC. 302. (a) (1) Section 105 (a) of the Housing Act of 1949 is amended by striking out '(including any redevelopment plan constituting a part thereof)'.

"(2) Section 110 (b) of such Act is amended by inserting 'and' after the semicolon at the end of clause (1), and by striking out 'and (3)' and all that follows and inserting in lieu thereof a period.

"(b) (1) Section 110 (c) of such Act is amended to read as follows:

"(c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

"(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (ii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of an open land project;

"(2) demolition and removal of buildings and improvements;

"(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

"(4) disposition of any property acquired in the urban renewal area (including sale, initial leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan;

"(5) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; and

"(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities.

"For the purposes of this title, the term "project" shall not include the construction or improvement of any building, and the term "redevelopment" and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

"Financial assistance shall not be extended under this title with respect to any urban renewal area which is not clearly predominantly residential in character unless such area will be a predominantly residential area under the urban renewal plan therefor: *Provided*, That, where such an area which is not clearly predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and such area is not appropriate for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 per centum of the total amount of capital grants authorized by this title.

"In addition to all other powers hereunder vested, where land within the purview of clause (1) (ii) or (1) (iii) of the first



paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided*, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title.

"(2) The first sentence of section 110 (d) of such Act is amended by striking out the words 'either the second or third sentence' in clause (2) and inserting 'the second sentence.'

"(c) The first sentence of section 110 (d) of such Act is amended by striking out the phrase, 'public facilities financed by special assessments against land in the project area,' in clause (3) and adding the following proviso before the period at the end of the sentence: 'And provided further, That in any case where a public facility furnished as a local grant-in-aid is financed in whole or in part by special assessments against real property in the project area acquired by the local public agency as part of the project, an amount equal to the total special assessments against such real property (or, in the case of a computation pursuant to the proviso immediately preceding, the estimated amount of such total special assessments) shall be deducted from the cost of such facility for the purpose of computing the amount of the local grants-in-aid for the project.'

"(d) Section 110 (e) of such Act is amended by adding the following at the end thereof: 'Where real property in the project area is acquired and is owned as part of the project by the local public agency and such property is not subject to ad valorem taxes by reason of its ownership by the local public agency and payments in lieu of taxes are not made on account of such property, there may (with respect to any project for which a contract of Federal assistance under this title is in force or is hereafter executed) be included, at the discretion of the Administrator, in gross project cost an amount equal to the ad valorem taxes which would have been levied upon such property if it had been subject to ad valorem taxes, but in all cases prorated for the period during which such property is owned by the local public agency as part of the project, and such amount shall also be considered a cash local grant-in-aid within the purview of section 110 (d) hereof. Such amount, and the amount of taxes or payments in lieu of taxes included in gross project cost, shall be subject to the approval of the Administrator and such rules, regulations, limitations, and conditions as he may prescribe.'

"Sec. 303. (a) Section 102 (d) of the Housing Act of 1949 is amended by adding the following at the end thereof:

"In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined) for urban renewal areas of such scope that the urban renewal activities therein may have to be carried out in stages, consistent with the capacity and resources of the respective local public agency, over an esti-

mated period of not more than 10 years. No contract for advances for the preparation of a General Neighborhood Renewal Plan may be made unless the Administrator has determined that:

"(1) in the interest of sound community planning, it is desirable that the urban renewal area be planned for urban renewal purposes in its entirety;

"(2) the local public agency proposes to undertake promptly an urban renewal project embracing at least 10 per centum of such area, upon completion of the General Neighborhood Renewal Plan and the preparation of an urban renewal plan for such project; and

"(3) the governing body of the locality has by resolution or ordinance (i) approved the undertaking of the General Neighborhood Renewal Plan and the submission of an application for such advance and (ii) represented that such plan will be used to the fullest extent feasible as a guide for the provision of public improvements in such area and that the plan will be considered in formulating codes and other regulatory measures affecting property in the area and in undertaking other local governmental activities, pertaining to the development, redevelopment, rehabilitation, and conservation of the area.

The contract for any such advance of funds for a General Neighborhood Renewal Plan shall be made upon the condition that such advance shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the first urban renewal project in such area: *Provided*, That in the event of the undertaking of any other project or projects in such area an appropriate allocation of the amount of the advance, with interest, may be effected to the end that each such project may bear its proper allocable part, as determined by the Administrator, of the cost of the General Neighborhood Renewal Plan. As used herein, a General Neighborhood Renewal Plan means a preliminary plan (conforming, in the determination of the governing body of the locality, to the general plan of the locality as a whole and to the workable program of the community meeting the requirements of section 101) which outlines the urban renewal activities proposed for the area involved, provides a framework for the preparation of urban renewal plans and indicates generally, to the extent feasible in preliminary planning, the land uses, population density, building coverage, prospective requirements for rehabilitation and improvement of property, and any portions of the area contemplated for clearance and redevelopment.

"(b) Section 102 (d) of such Act is further amended by striking out 'The Administrator may make advances of funds to local public agencies for' and inserting in lieu thereof 'The Administrator may make advances of funds to local public agencies for surveys of urban areas to determine whether the undertaking of urban renewal projects therein may be feasible and for'.

"Sec. 304. Section 106 (e) of the Housing Act of 1949 is amended by striking out '\$70,000,000' and inserting in lieu thereof '\$100,000,000'.

"Sec. 305. Section 106 of such Act is further amended by adding at the end thereof the following new subsection:

"(f) (1) Notwithstanding any other provision of this title, an urban renewal project respecting which a contract for a capital grant is executed under this title may include the making of relocation payments (as defined in paragraph (2)); and such contract shall provide that the capital grant otherwise payable under this title shall be increased by an amount equal to such relocation payments and that no part of the amount of such relocation payments shall be

required to be contributed as part of the local grant-in-aid.

"(2) As used in this subsection, the term "relocation payments" means payments by a local public agency, in connection with a project, to individuals, families, and business concerns for their reasonable and necessary moving expenses and any actual direct losses of property except goodwill or profit (which are incurred on and after the date of the enactment of the Housing Act of 1956, and for which reimbursement or compensation is not otherwise made) resulting from their displacement by an urban renewal project included in an urban renewal area respecting which a contract for capital grant has been executed under this title. Such payments shall be made subject to such rules and regulations prescribed by the Administrator as are in effect on the date of execution of the contract for capital grant (or the date on which the contract is amended pursuant to paragraph (3)), and shall not exceed \$100 in the case of an individual or family, or \$2,000 in the case of a business concern.

"(3) Any contract with a local public agency which was executed under this title before the date of the enactment of the Housing Act of 1956 may be amended to provide for payments under this subsection for expenses and losses incurred on or after such date.

"Sec. 306. Section 104 of such Act is amended to read as follows:

*"Requirements for local grants-in-aid"*

"Sec. 104. Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved. Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, shall not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made."

"Sec. 307. (a) Title I of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

*"Disaster areas"*

"Sec. 111. Where the local governing body certifies, and the Administrator finds, that an urban area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster, the Administrator is authorized to extend financial assistance under this title for an urban renewal project with respect to such area without regard to the following:

"(1) the "workable program" requirement in section 101 (c), except that any contract for temporary loan or capital grant pursuant to this section shall obligate the local public agency to comply with the "workable program" requirement in section 101 (c) by a future date determined to be reasonable by the Administrator and specified in such contract;

"(2) the requirements in section 105 (a) (iii) and section 110 (b) (1) that the urban renewal plan conform to a general plan of the locality as a whole and to the workable program referred to in section 101 (c);

"(3) the "relocation" requirements in section 105 (c): *Provided*, That the Administrator finds that the local public agency has presented a plan for the encouragement, to the maximum extent feasible, of the provision of dwellings suitable for the needs of families displaced by the catastrophe or by redevelopment or rehabilitation activities;



"(4) the "public hearing" requirement in section 105 (d);

"(5) the requirements in sections 102 and 110 that the urban renewal area be a slum area or a blighted, deteriorated, or deteriorating area; and

"(6) the requirements in section 110 with respect to the predominantly residential character or predominantly residential re-use of urban renewal areas.

In the preparation of the urban renewal plan with respect to a project aided under this section, the local public agency shall give due regard to the removal or relocation of dwellings from the site of recurring floods or other recurring catastrophes in the project area."

"(b) Subparagraph (A) of section 220 (d) (1) of the National Housing Act is amended to read as follows:

"(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed or a prior approval granted, pursuant to title I of the Housing Act of 1949 before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by section 101 (c) of the Housing Act of 1949, as amended, or (iii) the area of an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended: *Provided*, That, in the case of an area within the purview of clause (i) or (ii) of this subparagraph, a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and the Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan: *And provided further*, That, in the case of an area within the purview of clause (iii) of this subparagraph, an urban renewal plan (as required for projects assisted under such section 111) has been approved for such area by such governing body and by the Administrator, and the Administrator has certified to the Commissioner that such plan conforms to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and that there exist the necessary authority and financial capacity to assure the completion of such urban renewal plan, and."

"(c) Section 221 (a) of the National Housing Act is amended—

"(1) by adding immediately before the period at the end of the first sentence a comma and the following: 'or (3) there is being carried out an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended'; and

"(2) by striking out 'clause (2)' each place it appears in the last proviso and inserting in lieu thereof 'clause (2) or (3)'."

"(d) The second sentence of section 701 of the Housing Act of 1954 is amended to read as follows: 'The Administrator is further authorized to make planning grants for similar planning work (1) in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning; (2) to cities, other municipalities, and counties having a population of twenty-five thousand or more according to the latest decennial census which have suffered substantial damage as a result of a flood, fire, hurricane, earthquake, storm, or

other catastrophe which the President, pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster; and (3) to State planning agencies, to be used for the provision of planning assistance to the cities, other municipalities, and counties referred to in clause (2) hereof."

"SEC. 308. The last sentence of section 701 of the Housing Act of 1954 is amended by striking out '\$5,000,000' and inserting in lieu thereof '\$10,000,000'."

#### "TITLE IV—PUBLIC HOUSING

##### "Low-rent public housing

"SEC. 401. (a) Subsection (i) of section 10 of the United States Housing Act of 1937 is amended effective August 1, 1956, to read as follows:

"(i) Notwithstanding any other provision of law, the Authority may enter into new contracts for loans and annual contributions after July 31, 1956, for not more than thirty-five thousand additional dwelling units which amount shall be increased by thirty-five thousand additional dwelling units on July 1, 1957, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: *Provided*, That the authority to enter into new contracts for annual contributions with respect to each such thirty-five thousand additional dwelling units shall terminate two years after the first date on which such authority may be exercised under the foregoing provisions of this subsection: *Provided further*, That any balance of the authorization provided by this subsection, as amended by section 108 (b) of the Housing Amendments of 1955, not utilized by July 31, 1956, shall be available in any succeeding year: *Provided further*, That no such new contract for annual contributions for additional units shall be entered into except with respect to low-rent housing for a locality respecting which the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, as amended: *And provided further*, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress."

"(b) Clause (2) of the third proviso appearing in that part of the Independent Offices Appropriation Act, 1953, which is captioned 'Annual contributions:' under the heading 'Public Housing Administration' is repealed."

"SEC. 402. Section 101 (c) of title I of the Housing Act of 1949, as amended, is amended by inserting the following after the first comma therein: 'or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to August 1, 1956'."

"SEC. 403. Subsection (d) of section 21 of the United States Housing Act of 1937 is amended by striking out the figure '10' in both places it appears and inserting in lieu thereof the figure '15'."

##### "Housing for the elderly

"SEC. 404. (a) Paragraph (2) of section 2 of the United States Housing Act of 1937 is amended by adding at the end thereof the following: 'The term "families" means families consisting of two or more persons, a single person sixty-five years of age or over, or the remaining member of a tenant family. The term "elderly families" means families

the head of which (or his spouse) is sixty-five years of age or over.'

"(b) Section 10 of such Act is amended by adding at the end thereof the following new subsection:

"(m) For the purpose of increasing the supply of low-rent housing for elderly families, the Authority may assist the construction of new housing or the remodeling of existing housing in order to provide accommodations designed specifically for such families. Notwithstanding the provisions of subsection 10 (g), any public housing agency, in respect to dwelling units suitable to the needs of elderly families, may extend a prior preference to such families and may waive the provisions of clause (ii) of section 15 (8) (b) with respect to such units: *Provided*, That, as among such families, the "First" preference in subsection 10 (g) shall apply."

"(c) Section 15 (5) of such Act is amended by inserting after the word 'Alaska' the following: 'or \$2,250 in the case of accommodations designed specifically for elderly families'."

##### "Farm-labor camps

"SEC. 405. Section 12 (f) of the United States Housing Act of 1937 is amended by adding at the end thereof the following: 'Notwithstanding any other provision of law, upon the filing of a request therefor within eighteen months after the date of the enactment of this sentence, the Authority shall relinquish, transfer, and convey, without monetary consideration all of its rights, title, and interest in and with respect to any such project or any part thereof (including such land as is determined by the Authority to be reasonably necessary to the operation of such project, and including contractual rights to revenues, reserves, and other proceeds therefrom), (1) in the case of any State other than Florida, to any public housing agency whose area of operation includes the project, upon a finding and certification by the public housing agency (which shall be conclusive upon the Authority) that the project is needed to house persons and families of low income and that preference for occupancy in the project will be given first to low-income agricultural workers and their families and second to other low-income persons and their families; and (2) in the case of Florida, to any public housing agency in the State whenever, under the laws of the State, such agency (A) is authorized to acquire and operate such project, (B) is required to give preference for occupancy in such project, first, to low-income agricultural workers and their families, and, second, to other low-income persons and their families, (C) is required, in the event of the disposition of such project by sale or otherwise, to use the proceeds thereof and any available accumulated earnings to construct facilities (which shall be subject to the same preferences as those specified in clause (B)) for occupancy by low-income agricultural workers and their families in the same area, and (D) is required, so long as it continues to own or operate such project, to have on its managing board one or more members whose principal occupation is farming. Upon the relinquishment and transfer of any such project it shall cease to be a low-rent project within the meaning of this Act, and the Authority shall have no further jurisdiction over it, except that in any conveyance under the preceding sentence the Authority may reserve to the United States any mineral rights of whatsoever nature upon, in, or under the property, including such rights of access to and the use of such parts of the surface of the property as may be necessary for mining and saving the minerals. Any project, or part thereof not relinquished and conveyed pursuant to this subsection or under a contract for disposal pursuant to this subsection within eighteen months after the date of the enactment of this sentence shall be



disposed of by the Authority pursuant to subsection (e) of section 13 of this Act, notwithstanding the parenthetical clause in such subsection.

*"Disposition of defense housing"*

"SEC. 406. (a) Notwithstanding the provisions of any other law, there are hereby transferred to the jurisdiction of the Department of Defense, effective on the first day of the month following enactment of the Housing Act of 1956, all right, title, and interest, including contractual rights and obligations and any reversionary interest, held by the Federal Government in and with respect to all real and personal property comprising the following housing projects:

Project Numbered	Location
"ALA-1D1---	Ozark, Alabama.
"ALA-1D2---	Ozark, Alabama.
"ALA-2D1---	Foley, Alabama.
"ALA-2D2---	Foley, Alabama.
"ARIZ-1D1---	Yuma, Arizona.
"ARIZ-1D2---	Yuma, Arizona.
"ARIZ-3D1---	Flagstaff, Arizona.
"CAL-3D1---	Oceanside, California.
"CAL-3D2---	Oceanside, California.
"CAL-4D1---	Miramar, California.
"CAL-6D1---	San Ysidro, California.
"CAL-7D2---	Barstow, California.
"CAL-9D1---	Barstow, California.
"CAL-9D2---	Barstow, California.
"CAL-10D1---	Twentynine Palms, California.
"COLO-1D1---	Colorado Springs, Colorado.
"FLA-2D1---	Green Cove Springs, Florida.
"FLA-4D1---	Milton, Florida.
"FLA-8082---	Pensacola, Florida.
"FLA-8084---	Pensacola, Florida.
"GA-1D1---	Hinesville, Georgia.
"KAN-3D1---	Hutchinson, Kansas.
"ME-4D1---	Brunswick, Maine.
"MD-1D1---	Bainbridge, Maryland.
"MO-1D1---	Waynesville, Missouri.
"MO-2D1---	Waynesville, Missouri.
"MO-4D1---	Waynesville, Missouri.
"MO-5D1---	Waynesville, Missouri.
"NEV-2D1---	Fallon, Nevada.
"NC-1D1---	Camp LeJune, North Carolina.
"NC-3D1---	Camp LeJune, North Carolina.
"NC-4D1---	Elizabeth City, North Carolina.
"RI-1D1---	Portsmouth, Rhode Island.
"RI-2D1---	Portsmouth, Rhode Island.
"TEX-2D1---	Kingsville, Texas.
"TEX-3D1---	Hondo, Texas.
"TEX-5D1---	Beeville, Texas.
"TEX-5D2---	Beeville, Texas.
"TEX-6D1---	Mission, Texas.
"VA-6D1---	Quantico, Virginia.
"VA-10D1---	Yorktown, Virginia.
"VA-12D1---	Yorktown, Virginia.
"VA-13D1---	Williamsburg, Virginia.

The provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, and of the Act entitled 'An Act to expedite the provision of housing in connection with national defense, and for other purposes', approved October 14, 1940, as amended, shall not apply to any property transferred hereunder and, except as otherwise provided herein, the laws relating to similar property of the Department of Defense shall be applicable to the property transferred. The Department of Defense is authorized to utilize any revenues derived from the property transferred hereunder, after its transfer, for the maintenance, operation, improvement, and liquidation of such property and for administrative expenses in connection therewith. There is hereby transferred to the Department of the Navy out of the fund entitled 'Office of the Administrator revolving fund (liquidating programs)' established in the Office of the Administrator, Housing and Home Finance Agency, under title II of the Independent Offices Appropriation Act, 1955 (68 Stat. 272, 295), as amended, \$375,000 to be available until expended for repair and rehabilitation of such property by the Navy.

"(b) Notwithstanding the provisions of this or any other law, any housing constructed or acquired under the provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, which is not transferred under the provisions of subsection (a) hereof shall, as expeditiously as possible, but not later than June 30, 1957, be disposed of on a competitive bid basis to the highest responsible bidder upon such terms and after such public advertisement as the Housing and Home Finance Administrator may deem in the public interest; except that the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation: *Provided*, That the third proviso in section 302 (b) of such Act shall be applicable to housing disposed of under this subsection, except that project numbered IDA-2D1 at Cobalt, Idaho, shall be sold only for use on the site.

"(c) The Housing and Home Finance Administrator is hereby directed to convey (pursuant to the provisions of section 606 of the Act entitled 'An Act to expedite the provision of housing in connection with national defense, and for other purposes', approved October 14, 1940, as amended): (1) Housing project numbered RI-37013 to the Housing Authority of the City of Newport, Rhode Island: *Provided*, That, notwithstanding the provisions of that section or of any other law, the agreement required by that section shall permit the use of the project in whole or in part for the housing of military personnel without regard to their income, and shall require the Authority, in selecting tenants, to give a first preference in respect of three hundred and sixty dwelling units to such military personnel as the Secretary of Defense or his designee prescribes for three years after the date of conveyance and to give thirty days' advance notice of available vacancies to such designee, and (2) housing projects numbered PA-36011 and PA-36012 to the Housing Authority of Philadelphia, Pennsylvania: *Provided*, That notwithstanding the provisions of that section or of any other law, the agreement required by that section shall permit the use of the projects in whole or in part for the housing of military personnel without regard to their income, and shall require the Authority, in selecting tenants, to give a first preference in respect of seven hundred dwelling units to such military personnel as the Secretary of Defense or his designee prescribes for three years after the date of conveyance and to give thirty days' advance notice of available vacancies to such designee.

"SEC. 407. (a) The Act entitled 'An Act to expedite the provision of housing in connection with national defense, and for other purposes', approved October 14, 1940, as amended, is amended by adding at the end thereof the following new section 614:

"SEC. 614. (a) Notwithstanding the provisions of this or any other law, (1) any housing to be sold on-site determined by the Administrator to be permanent, located on lands owned by the United States and under the jurisdiction of the Administrator, which is not relinquished, transferred, under contract of sale, sold, or otherwise disposed of by the Administrator under other provisions of this Act or under the provisions of other law by January 1, 1957, except housing which is determined by the Administrator by that date to be suitable for sale in accordance with section 607 (b) of this Act; and (2) any permanent housing to be sold off-site which is not relinquished, transferred, under contract of sale, sold, or otherwise disposed of prior to the effective date of this section shall be disposed of, as expeditiously as possible, on a competitive basis to the highest responsible bidder upon such terms and after

such public advertisement as the Administrator may deem in the public interest; except that the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation.

"(b) Notwithstanding the provisions of this or any other law, all contracts entered into after the enactment of this section for the sale, transfer, or other disposal of housing (other than housing subject to the provisions of section 607 (b) of this Act) determined by the Administrator to be permanent, except contracts entered into pursuant to subsection (a) hereof, shall require that if title does not pass to the purchaser by April 1, 1957 (or withing sixty days thereafter if such time is necessary to cure defects in title in accordance with the provision of the contract), the rights of the purchaser shall terminate and thereafter the housing shall be sold under the provisions of subsection (a) hereof. For the purposes of this subsection, title shall be considered to have passed upon the execution of a conditional sales contract.

"(c) The dates set forth in subsections (a) and (b) of this section shall not be subject to change by virtue of the provisions of section 611 of this Act."

"(b) Notwithstanding any other provision of law, the Housing and Home Finance Administrator is authorized to sell and convey, at fair market value as determined by him on the basis of an appraisal made by an independent real-estate expert, to the city of Alexandria, Virginia, or to the Alexandria Redevelopment and Housing Authority, or to any agency or corporation established or sponsored in the public interest by such city, all of the right, title, and interest of the United States in and to the Chinquapin Village housing project, VA-44131, located in Alexandria, Virginia. Any sale pursuant to this authorization shall be made within six months after the date of the enactment of this subsection and shall be on such terms and conditions as the Administrator shall determine.

"(c) Notwithstanding any other provision of law, the Housing and Home Finance Administrator is authorized and directed to sell and convey to the city of Euclid, Ohio, for a total price of \$6,125,000, all of the right, title, and interest of the United States in and to the housing projects known as Euclid Homes (OH-33074) and Lakeshore Village (OH-33071) located in Euclid, Ohio. The purchase price shall be secured by a mortgage which need not be a general obligation of such city, and shall be paid in equal annual installments within twenty years from the date of sale with the right of prepayment of all or any part thereof. No downpayment shall be required, and the unpaid balances shall bear interest at the rate of 4½ per centum per annum. The Administrator may impose such other terms and conditions as he may deem necessary or desirable, including a requirement that any net revenues be applied by such city as advance payment on the last maturing installments of the purchase price.

"(d) (1) Notwithstanding any other provision of law, the Public Housing Commissioner is authorized and directed to sell and convey by quitclaim deed to the Georgia Institute of Technology, upon full payment in cash of the purchase price determined under paragraph (2), all of the right, title, and interest of the United States in and to that real property (including furniture, fixtures, and equipment located on the property on the date of the execution of the contract of sale under this subsection), situated in Atlanta, Georgia, known as the Techwood Dormitory and more particularly described as follows:

"Commencing at the intersection of the south line of North Avenue with the east line



of Techwood Drive; thence running north 89 degrees 45 minutes east 94.47 feet along the south line of North Avenue to the east line of property formerly owned by Mrs. Emma L. Ellis; thence south 00 degrees 12.5 minutes east 155.0 feet more or less to the south line of an alley formerly known as Linden Alley and the north line of property formerly owned by Mildred W. Seydel; thence north 89 degrees 45 minutes east along the south line of said alley 170.0 feet more or less to a point in the south side of said alley which is distant 100.0 feet westerly from the west line of Williams Street; thence south 00 degrees 12.5 minutes east 290.0 feet more or less to a point on the south side of the former location of Linden Avenue, which point is 100.0 feet more or less west of the west line of Williams Street; thence running south 89 degrees 45 minutes west 281.57 feet more or less along the south side of the former location of Linden Avenue to its intersection with the east line of Techwood Drive; thence north 00 degrees 02 minutes east 293.88 feet more or less along the east line of Techwood Drive; thence north 6 degrees 06 minutes east 151.98 feet more or less along the east line of Techwood Drive to its intersection with the south line of North Avenue and the point of beginning.

"(2) The purchase price of the property referred to in paragraph (1) shall be the fair market value of the land described in such paragraph on the date of the execution of the contract of sale under this subsection, as determined by the Public Housing Commissioner, excluding for purposes of such determination the value of any buildings, furniture, fixtures, and equipment located on such land.

"(3) If the property referred to in paragraph (1) is not sold and conveyed to the Georgia Institute of Technology within six months after the date of the enactment of this Act, the Public Housing Commissioner shall dispose of such property at public sale to the highest competitive bidder.

"(e) The last proviso of subsection (c) of section 108 of the Housing Amendments of 1955 is amended by striking out '12' and inserting in lieu thereof '24'.

#### "Payments in lieu of taxes

"Sec. 408. Notwithstanding the provision of any other law or any contract or rule of law, the Public Housing Commissioner shall approve payments in lieu of taxes for project fiscal years ending prior to April 1, 1956, by each of the following local public agencies in the following amounts:

"Housing Authority of the City of Houston (Texas), \$200,324.82.

"Quincy Housing Authority (Illinois), \$12,549.75.

"Housing Authority of the City of Fresno (California), \$6,874.13.

"Reading Housing Authority (Pennsylvania), \$11,106.59.

"Huntington, West Virginia, Housing Authority (West Virginia), \$13,049.38.

"Housing Authority of the City of Los Angeles (California), \$104,765.05.

"Housing Authority of the City of Monroe (Louisiana), \$1,560.76.

"Housing Authority of the City of Dothan (Alabama), \$1,238.46.

"Housing Authority of the City of Sacramento (California), \$26,628.29.

"Cincinnati Metropolitan Housing Authority (Ohio), \$59,576.64.

"Housing Authority of the City of Tampa (Florida), \$22,959.85.

#### "TITLE V—MILITARY HOUSING

##### "Armed services housing mortgage insurance

"Sec. 501. Section 801 (g) of the National Housing Act is amended to read as follows:

"(g) The term "State" includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, the Virgin Islands, the Canal Zone, and Midway Island."

"Sec. 502. Section 803 (a) of such Act is amended by striking out 'September 30, 1956' and inserting in lieu thereof 'June 30, 1958'.

"Sec. 503. Section 803 (a) of such Act is further amended by striking out the first proviso and inserting in lieu thereof the following: 'Provided, That the aggregate amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955) shall not exceed \$2,300,000,000'.

"Sec. 504. Section 803 (b) (2) of such Act is amended by striking out all that follows clause (i) and inserting in lieu thereof the following: 'and (ii) with the approval of the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation and that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing housing covered by mortgages insured under this act. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense or his designee shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund against loss with respect to the mortgage covering such housing. The Commissioner shall report to the Committees on Banking and Currency of the Senate and the House of Representatives each instance in which he has required the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund, with reasons therefor. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.'

"Sec. 505. Section 803 (b) (3) (B) of such Act is amended to read as follows:

"(B) not to exceed an average of \$16,500 per family unit for such part of such property or project (including ranges, refrigerators, shades, screens, and fixtures) as may be attributable to dwelling use: *Provided*, That the replacement cost of the property or project as determined by the Commissioner, including the estimated value of any usable utilities within the boundaries of the property or project where owned by the United States and not provided for out the proceeds of the mortgage, shall not exceed an average of \$16,500 per family unit; and."

"Sec. 506. (a) Section 803 (b) (3) (C) of such Act is amended by striking out 'eligible bidder or' and inserting in lieu thereof 'eligible bidder with respect to'.

"(b) Sections 403 (a) and 403 (b) of the Housing Amendments of 1955 are amended by striking out 'eligible bidder' wherever the term appears therein and inserting in lieu thereof 'eligible bidder'.

"(c) Section 403 (a) of the Housing Amendments of 1955 is amended by striking out 'the bidder' wherever appearing therein and inserting in lieu thereof 'the mortgagor'.

"(d) Section 403 (a) of the Housing Amendments of 1955 is amended by striking out 'with any bidder'.

"Sec. 507. Section 403 (a) of the Housing Amendments of 1955 is further amended by inserting immediately before the last sentence the following: 'Any such contract shall provide for the furnishing by the contractor of a performance bond and a payment bond with a surety or sureties satisfactory to the Secretary of Defense, or his designee, and the

furnishing of such bonds shall be deemed a sufficient compliance with the provisions of section 1 of the Act of August 24, 1935 (49 Stat. 793), and no additional bonds shall be required under such section.'

"Sec. 508. Section 405 of the Housing Amendments of 1955 is amended by striking out '\$9,000,000' and inserting in lieu thereof '\$21,000,000'.

"Sec. 509. The second sentence of section 406 of the Housing Amendments of 1955 is amended by inserting after the colon immediately following the first proviso the following: 'Provided further, That such plans, drawings, and specifications, when developed pursuant to arrangements made under this section after the date of the enactment of the Housing Act of 1956, shall follow the principle of modular measure, in order that the housing may be built by conventional construction, on-site fabrication, factory pre-cutting, factory fabrication, or any combination of these construction methods.'

"Sec. 510. Title IV of the Housing Amendments of 1955 is amended by adding at the end thereof the following new section:

"Sec. 410. In the construction of housing under the authority of this title and title VIII of the National Housing Act, as amended, the maximum limitations on net floor area for each unit shall be the same as the net floor area permanent limitations prescribed in the second, third, and fourth provisos of section 3 of the Act of June 12, 1948 (62 Stat. 375), or in section 3 of the Act of June 16, 1948 (62 Stat. 459), other than the first, second, and third provisos thereof.'

"Sec. 511. Section 408 of the Housing Amendments of 1955 is amended by adding at the end thereof the following: 'Nothing contained in the provisions of title VIII of the National Housing Act in effect prior to August 11, 1955, or any related provision of law, shall be construed to exempt from State or local taxes or assessments the interest of a lessee from the Federal Government in or with respect to any property covered by a mortgage insured under such provisions of title VIII: *Provided*, That, no such taxes or assessments (not paid or encumbering such property or interest prior to June 15, 1956) on the interest of such lessee shall exceed the amount of taxes or assessments on other similar property of similar value, less such amount as the Secretary of Defense or his designee determines to be equal to (1) any payments made by the Federal Government to the local taxing or other public agencies involved with respect to such property, plus (2) such amount as may be appropriate for any expenditures made by the Federal Government or the lessee for the provision or maintenance of streets, sidewalks, curbs, gutters, sewers, lighting, snow removal or any other services or facilities which are customarily provided by the State, county, city, or other local taxing authority with respect to such other similar property: *And provided further*, That the provisions of this section shall not apply to properties leased pursuant to the provisions of section 805 of the National Housing Act as amended on or after August 11, 1955, which properties shall be exempt from State or local taxes or assessments.'

#### "Acquisition of Wherry Act housing

"Sec. 512. Section 404 of the Housing Amendments of 1955 is amended to read as follows:

"Sec. 404. (a) Whenever the Secretary of Defense or his designee deems it necessary for the purpose of this title, he may acquire by purchase, donation, condemnation, or other means of transfer, any land or (with the approval of the Federal Housing Commissioner) any housing financed with mortgages insured under the provisions of title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955. The purchase price of any such hous-



ing shall not exceed the Federal Housing Commissioner's estimate of the replacement cost of such housing and related property (not including the value of any improvements installed or constructed with appropriated funds) as of the date of final endorsement for mortgage insurance reduced by an appropriate allowance for physical depreciation, as determined by the Secretary of Defense or his designee upon the advice of the Commissioner: *Provided*, That in any case where the Secretary or his designee acquires a project held by the Commissioner, the price paid shall not exceed the face value of the debentures (plus accrued interest thereon) which the Commissioner issued in acquiring such project.

"(b) Notwithstanding any provision of subsection (a) to the contrary, the Secretary of Defense or his designee shall, in the manner provided in subsection (a), acquire by purchase, donation, or other means of transfer or, if the parties cannot agree upon terms for acquisition by such means, by condemnation, any housing constructed under the mortgage insurance provisions of title VIII of the National Housing Act (as in effect prior to the enactment of the Housing Amendments of 1955) which is located at or near a military installation where the construction of housing under the Armed Services Housing Mortgage Insurance Program has been approved by the Secretary.

"(c) Condemnation proceedings instituted pursuant to this section shall be conducted in accordance with the provisions of the Act of August 1, 1888 (25 Stat. 357; 40 U. S. C., sec. 257) as amended, or any other applicable Federal statute. Before any such condemnation proceedings are instituted, an effort shall be made to acquire the property involved by negotiation. In any condemnation proceedings instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. In the event that condemnation proceedings are instituted in accordance with procedures under such Act of February 26, 1931, the court shall order that the amount deposited shall be paid in a lump sum or over a period not exceeding five years in accordance with stipulations executed by the parties in the proceedings. In connection with condemnation proceedings which do not utilize the procedures under such Act, the Secretary or his designee, after final judgment of the court, may pay or agree to pay in a lump sum or, in accordance with stipulations executed by the parties to the proceedings, over a period not exceeding five years the difference between the outstanding principal obligation, plus accrued interest, and the price for the property fixed by the court. Unless such payment is made in a lump sum, the unpaid balance thereof shall bear interest at the rate of 4 per centum per annum.

"(d) Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

"(e) The Secretary or his designee may, in the case of any housing acquired or to be acquired under this section, make arrangements with the mortgagee whereby such mortgagee will agree to release and waive all requirements of accruals for reserves for replacement, taxes, and hazard insurance provided for under the corporate charter and indenture agreement with respect to such

housing, upon the execution of a written agreement by the Secretary or his designee that the purposes for which such reserves and other funds were accrued will be carried out.

"(f) Any housing acquired under this section may be (1) assigned as public quarters to military personnel and their dependents; or (2) leased to military and civilian personnel for occupancy by them and their dependents, upon such terms and conditions as will in the judgment of the Secretary of Defense or his designee be in the best interest of the United States, without loss to military personnel of their basic allowance for quarters or appropriate allotments. Amounts equal to the quarters allowances or appropriate allotments of military personnel to whom such housing is assigned as public quarters under clause (1), and the rental charges realized under clause (2), shall be deposited in the revolving fund created by subsection (g).

"(g) There is hereby created a fund which shall be used by the Secretary of Defense or his designee as a revolving fund for the purpose of paying for housing and related property acquired under this section, paying interest, principal, mortgage insurance premiums, and other obligations (except those for maintenance and operation) with respect to such housing, and paying expenses incurred in the alteration, improvement, rehabilitation, and repair of such housing. The amounts and charges referred to in the last sentence of subsection (f) of this section, and any savings realized in the operation of section 405, shall be deposited in such fund. For the purposes of the preceding sentence, the term "savings realized in the operation of section 405" means the difference between the amount made available for payments under section 405 and the amount actually used in making such payments.

"(h) The Secretary of the Treasury is authorized and directed to establish on the books of the Treasury Department the revolving fund created pursuant to the authority of this section. To provide capital for such fund, there is authorized to be appropriated a sum not to exceed \$50,000,000 and the Secretary of Defense, with the approval of the President, is authorized to transfer from unexpended balances of any appropriations of the military departments not carried to the surplus fund of the Treasury such sums as may be determined by the Secretary of Defense to be necessary to provide adequate capital for the revolving fund."

#### "TITLE VI—MISCELLANEOUS

##### "College housing

"SEC. 601. Section 401 (d) of the Housing Act of 1950 is amended by striking out '\$500,000,000' and inserting in lieu thereof '\$750,000,000'.

##### "Research

"SEC. 602. (a) The Housing and Home Finance Administrator is authorized and directed to undertake such programs of investigation, analysis, and research as he determines to be necessary and appropriate in the exercise of his responsibilities, including the formulation and carrying out of national housing policies and programs. Without limiting such authority, such programs shall develop and supply data and information on—

"(1) the housing inventory of the Nation and the production, use, and demolition and conversion of residential structures, and such other factors as affect the total supply of housing;

"(2) mortgage market problems;

"(3) the extent to which adequate housing is available to the low-income and middle-income families of the Nation through public and private means;

"(4) housing for elderly persons;

"(5) residential design, assembly methods, and materials use in relation to cost, utility, and comfort; and

"(6) characteristics of current, and prospective housing market demand.

"(b) (1) In order to permit the Administrator to carry out the functions vested in him by subsection (a) of this section, he is hereby authorized to enter into contracts with agencies of State and local governments and educational institutions and other non-profit organizations and into working agreements with departments and independent establishments and agencies of the Federal Government in accordance with paragraph (3) of this subsection: *Provided*, That the total amount of such contracts and working agreements shall not exceed \$500,000 during the fiscal year 1957, which amount shall be increased by further amounts of \$1,000,000 on July 1, 1957, and July 1, 1958, respectively.

"(2) There are hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such sums as may be necessary to carry out the purposes of this section, including administrative expenses which are hereby authorized, and amounts necessary to make payments pursuant to contracts or working agreements authorized under subsection (b) (1) of this section.

"(3) The provisions of the third and fourth sentences of subsection (a) of section 301 of the Housing Act of 1948 and of subsection (c) of section 502 of such Act shall apply to contracts and appropriations pursuant to this section.

"(c) The Administrator may disseminate (without regard to the provisions of section 306 of the Penalty Mail Act of 1948 (39 U. S. C. 321n)) any data or information acquired or held under this section, including related data and information otherwise available to the Administrator through the operation of the programs and activities of the Housing and Home Finance Agency, in such form as he shall determine to be most useful to departments, establishments, and agencies of the Federal Government or State or local governments, to industry and to the general public.

"(d) In carrying out the provisions of this section, the Administrator hereby authorized to request and receive such information or data as he deems appropriate from private individuals, organizations, and other public agencies. Any such information or data shall be used only for the purposes for which it is supplied, and no publication shall be made by the Administrator whereby the information or data furnished by any particular person or establishment can be identified, except with the consent of such person or establishment.

"(e) Nothing contained in this section shall limit any authority of the Administrator under title III of the Housing Act of 1948, as amended, or any other provision of law.

##### "Public facility loans

"SEC. 603. Title II of the Housing Amendments of 1955 is amended by adding at the end thereof the following new section:

"SEC. 206. As used in this title, the term "States" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States."

##### "Home Owners' Loan Act of 1933

"SEC. 604. (a) Section 5 (c) of the Home Owners' Loan Act of 1933 is amended by striking out '\$2,500' in the proviso at the end of the second paragraph and inserting in lieu thereof '\$3,500'.

"(b) Section 5 (c) of such Act is further amended by striking out '15 per centum' in the first sentence and inserting in lieu thereof '20 per centum'.

##### "Hospital construction

"SEC. 605. (a) Notwithstanding the provisions of section 104 of the Defense Housing and Community Facilities and Services Act of 1951, the authority under section 304 of such act to make loans or grants, or other



payments to public and nonprofit agencies for the construction of hospitals is hereby revived and extended with respect to public and nonprofit agencies which have, prior to June 30, 1953, applied under such section 304 for such loans or grants, or other payments for the construction of hospitals, and have been denied such loans or grants, or other payments solely because of the unavailability of funds for such purpose.

"(b) The authority granted by this section shall expire June 30, 1958.

"(c) There is hereby authorized to be appropriated the sum of \$5,000,000 for the purposes of this section for each of the fiscal years ending June 30, 1957, and June 30, 1958.

#### "Farm housing

"SEC. 606. (a) The first sentence of section 511 of the Housing Act of 1949 is amended to read as follows: 'The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making loans under this title (other than loans under section 504 (b)). The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending June 30, 1961, shall not exceed \$450,000,000.'

"(b) Section 512 of such act is amended to read as follows:

#### "Contributions

"SEC. 512. In connection with loans made pursuant to section 503, the Secretary is authorized to make commitments for contributions aggregating not to exceed \$10,000,000 during the period beginning July 1, 1956, and ending June 30, 1961.'

"(c) Clause (b) of section 513 of such act is amended to read as follows: '(b) not to exceed \$50,000,000 for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) during the period beginning July 1, 1956, and ending June 30, 1961; and'.

"(d) This section shall take effect as of July 1, 1956."

#### "Servicemen's readjustment act of 1944

"SEC. 607. Paragraph (C) of subsection (b) of section 512 of the Servicemen's Readjustment Act of 1944 is amended by striking out '1957' and inserting in lieu thereof '1958'."

And the Senate agree to the same.

BRENT SPENCE,  
PAUL BROWN,  
WRIGHT PATMAN,  
ALBERT RAINS,  
JESSE P. WOLCOTT,  
RALPH A. GAMBLE,  
HENRY O. TALLE,

*Managers on the Part of the House.*

J. WILLIAM FULBRIGHT,  
JOHN J. SPARKMAN,  
HOMER E. CAPEHART,  
JOHN W. BRICKER,  
WALLACE F. BENNETT,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment to the text struck out all of the House bill after the enacting clause and inserted a substitute. The House recedes from its disagreement to the amendment of the Senate, with an amendment which is a substitute for both the House bill and the Senate amendment. The essential differences between the House bill

and the substitute agreed to in conference are noted below.

#### FHA TITLE I—HOME REPAIR LOANS

The House bill contained a provision increasing the maximum term of title I single-family home-improvement loans from 3 to 5 years. The Senate amendment contained a provision placing discretionary authority in the FHA Commissioner to raise the term of such loans from 3 to 5 years. The conference substitute conforms to the Senate amendment.

#### FHA TITLE II—HOME MORTGAGE INSURANCE

The House bill contained a provision increasing the permissible loan-to-value ratio for builder-mortgagors from 85 to 90 percent of the amount permitted for owner-occupant mortgagor. The Senate amendment did not contain this provision and neither does the conference substitute.

#### FHA cooperative housing

The House bill contained a provision permitting a regular FHA housing project, insured under section 207 of the National Housing Act, to be converted to a cooperative housing project, if the intention to convert such project to a cooperative project was stated by the applicant at the beginning of the project. No such provision was included in the Senate amendment. The conference substitute includes a provision in lieu of that contained in the House bill under which a sponsor of a cooperative could obtain a commitment for a loan up to 85 percent of the replacement cost and proceed with construction before the prospective cooperative has been formed. The sponsor would certify intent to sell to a cooperative upon completion. Until he sells the project, he would be regulated by FHA, as to rents, capital structure, and rate of return. To prevent possible abuse of this financing device, the substitute would deny further use of this special commitment feature in the event the sponsor fails to sell to a cooperative. In all cases the sponsor would be subject to the cost certification requirement of section 227 of the National Housing Act.

#### FHA TITLE VII—MILITARY HOUSING

The House bill provided for extension of the military housing program for a period of 3 years to September 30, 1959. The Senate amendment only provided for an extension of this program to December 31, 1957. The conference substitute provides for extension to June 30, 1958.

The House bill provided for an increase in the FHA insurance authorization for military housing projects from the present authorized amount of \$1,363,500,000 to \$2,475,000,000. The Senate amendment provided for an increase in this authorization to \$2,300,000,000, and this amount is retained in the conference substitute.

Both the House bill and the Senate amendment contained provisions requiring the FHA Commissioner to approve Defense Department determinations that new military housing needed would not substantially curtail occupancy of certain existing housing accommodations. The House bill provision, however, was more limited in its application in that if the project was to house personnel who are required to reside in public quarters then the approval of the FHA Commissioner regarding curtailment of occupancy in other projects was not required. The conference substitute includes the provision of the Senate amendment.

Under the House bill, the cost of housing under the FHA military housing program was limited to an average of \$16,500 per unit for each project. The Senate bill provided that such average could not exceed \$15,000 per project and set a servicewide per unit average of \$14,250, including equipment. The conference substitute retains the House provision of a \$16,500 average unit cost per project but includes the language of the

Senate substitute making clear that equipment such as ranges, refrigerators, shades, screens and fixtures, are items of cost which must be included in the maximum average cost of \$16,500 per unit.

Both the House bill and the Senate amendment contained provisions requiring that military housing plans follow the principle of modular measure. In order that prefabricated as well as conventional construction might be employed. The conference substitute retains the language of the House bill, with an amendment to make it clear that the provision applies on a prospective rather than a retroactive basis.

#### Acquisition of "Wherry Act" housing

The House bill contained a provision directing the Secretary of Defense to acquire, operate, and improve the housing included in the so-called Wherry Act projects. These are projects which were constructed under the FHA title VIII military mortgage insurance program as it existed prior to the revision made by the housing amendments of 1955. The House provision included a purchase-price formula under which the value would not exceed the FHA estimate of replacement cost at time of insurance, adjusted to current cost levels, minus allowance for depreciation. Provision was made, however, that if the project actually cost less than the original mortgage amount or if the buyer or seller could not agree on price, then condemnation proceedings had to be started for acquisition of the project. A \$50 million revolving fund was authorized for such purchases and could also be used for meeting debt service, alterations, and improvements. The Senate amendment did not include a similar provision.

The conference substitute includes a Wherry Act acquisition provision which coordinates it with an acquisition provision included in legislation just enacted by the Congress relating to construction at military installations (H. R. 12270). Under that bill there is permissive authority for the Secretary of Defense to acquire the existing Wherry Act projects by purchase, donation, condemnation, or other means of transfer. In negotiating for such projects, the purchase price of any such housing shall not exceed the Federal Housing Commissioner's estimate of the replacement cost of such housing and related property (not including the value of any improvements installed or constructed with appropriated funds) as of the date of final endorsement for mortgage insurance reduced by an appropriate allowance for physical depreciation, as determined by the Secretary of Defense or his designee upon the advice of the Commissioner. The conference substitute does not disturb this provision of the military construction bill except with respect to Wherry Act projects located at or near an installation where new FHA title VIII military housing projects are programed. In such cases the Secretary of Defense is required to proceed to negotiate for acquisition of such Wherry Act projects and, in the event of failure to acquire through negotiation, to institute proceedings for acquisition of the projects through condemnation. It is the intention of the conferees that where FHA title VIII projects are programed under the authority provided by the Housing Amendments of 1955 the Department of Defense shall acquire existing Wherry Act projects.

#### ADVISORY COMMITTEE ON ELDERLY HOUSING

The Senate amendment contained a provision requiring the Housing and Home Finance Agency to establish an advisory committee on matters relating to housing for the elderly. The House bill contained no comparable provision. The conference substitute retains this provision of the Senate amendment.

#### FEDERAL NATIONAL MORTGAGE ASSOCIATION

The Senate amendment contained a provision which was not included in the House



bill under which the Federal National Mortgage Association would be required to pay par for all mortgages purchased under its special assistance mortgage-purchase program. The conference substitute includes a provision under which special assistance mortgages purchased by the Association must be purchased at a price of not less than 99 for a period of 1 year after the date of enactment of this act.

#### SLUM CLEARANCE AND URBAN RENEWAL

The Senate amendment contained a provision rewriting the section of the Housing Act of 1949 relating to requirements of local grants-in-aid in connection with slum clearance projects. It was provided "such local grants-in-aid, together with local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have heretofore been made, shall not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made." It is the understanding of the committee of conference that under the language of this provision the agency may continue its present pooling arrangement with respect to such local grants-in-aid. In this connection the committee of conference expresses agreement on the discussion of this subject appearing on pages 31 and 32 of House Report No. 2363, 84th Congress, 2d session.

#### SALARY OF HOUSING AND HOME FINANCE AGENCY GENERAL COUNSEL

The House bill contained a provision increasing the salary of the General Counsel of the Housing and Home Finance Agency to the level of the heads of constituent agencies of the Housing and Home Finance Agency. No comparable provision was included in the Senate amendment and none is contained in the conference substitute.

#### Veterans' Administration direct-loan program

The Senate amendment contained a provision which was not included in the House bill extending both the Veterans' Administration home-loan-guaranty program and the Veterans' Administration direct home-loan program for 1 additional year. Other legislation passed by the Congress has provided for a 1-year extension in the Veterans' Administration home-loan-guaranty program but does not include extension of the Veterans' Administration direct home-loan program. Accordingly the conference substitute retains only that portion of the Senate amendment providing for a 1-year extension in the Veterans' Administration direct home-loan program.

BRENT SPENCE,  
PAUL BROWN,  
WRIGHT PATMAN,  
ALBERT RAINS,  
JESSE P. WOLCOTT,  
RALPH A. GAMBLE,  
HENRY O. TALLE,

*Managers on the Part of the House.*

Mr. SPENCE. Mr. Speaker, I call up the conference report on the bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

Mr. SPENCE (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

#### FLOOD DAMAGE INSURANCE

Mr. SPENCE submitted the following report and statement on the bill (S. 3732) to provide insurance against flood damage, and for other purposes:

##### CONFERENCE REPORT (H. REPT. No. 2959)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3732) to provide insurance against flood damage, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Federal Flood Insurance Act of 1956'."

##### "FINDINGS AND DECLARATION OF PURPOSE

"SEC. 2. (a) The Congress finds that in the case of recurring natural disasters, including recurring floods, insurance protection against individual and public loss is not always practically available through private or public sources. With specific reference to insurance against flood loss, the Congress finds that insurance against certain losses resulting from this peril is not so available. Since preventive and protective means and structures against the effects of these disasters can never wholly anticipate the geographic incidence and infinite variety of the destructive aspects of these forces, the Congress finds that the safeguards of insurance are a necessary adjunct of preventive and protective means and structures.

"Inasmuch as these disasters impede interstate and foreign commerce, hamper national defense, and cause widespread distress and hardship adversely affecting the general welfare, without regard to State boundary lines, and in the absence of insurance protection from private or public sources, the Congress ought to provide for such protection in the case of flood, and study the feasibility and need for similar programs in the case of other forms of natural disaster against which insurance protection is not generally and practically available in all geographical areas.

"(b) (1) It is the purpose of this Act to authorize the establishment of a program of Federal insurance and reinsurance against the risks of loss resulting from flood as hereinafter defined, and to require a study and report on insurance and reinsurance against still other natural disaster perils to the extent that such insurance or reinsurance is not available on reasonable terms and conditions from other public or private sources; and

"(2) It is the further purpose of this Act to encourage private insurance companies to write insurance covering the extent of the risks above the limits prescribed in section 10 (a) and to provide Federal reinsurance to the extent desirable and necessary to carry out this purpose.

"(3) It is the further purpose of this Act to authorize the establishment of a program of loans, and a program combining insurance and loans, to assist flood victims who have

entered into contracts with the Administrator under this Act.

##### "ADMINISTRATION

"SEC. 3. (a) To assist in carrying out the functions, powers, and duties vested in him by this Act, the Administrator may appoint a Commissioner, and the basic rate of compensation of such position shall be the same as the basic rate of compensation established for the Commissioners of the constituents of the Housing and Home Finance Agency.

"(b) The provisions of the Government Corporation Control Act, as amended, shall apply to the functions vested in the Administrator by this Act, to the same extent as applicable to wholly owned Government corporations.

"(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act, the Administrator, notwithstanding the provisions of any other law, shall maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That such financial transactions of the Administrator as the issuing of insurance policies, the making of reinsurance agreements, and the making and guaranteeing of loans, and vouchers approved by the Administrator in connection with such financial transactions, shall be final and conclusive upon all officers of the Government.

##### "AUTHORITY TO INSURE AND REINSURE

"SEC. 4. To aid in carrying out the purposes of this Act, the Administrator is authorized to provide, upon such terms and conditions (including coinsurance requirements) as he may establish, insurance and reinsurance against loss resulting from damage to or destruction of real or personal property (including property owned by any State or local government) due to flood, as hereinafter defined, occurring within the United States: *Provided*, That insurance policies issued under this Act after June 30, 1959, shall be issued only with respect to property in those States which participate as provided in section 7 (a) of this Act.

##### "LOAN CONTRACTS

"SEC. 5. (a) The Administrator is authorized to enter into contracts with any persons (not including State and local governments and agencies thereof) to the effect that, in the event of any subsequent loss resulting from damage to or destruction of real and personal property due to flood, as hereinafter defined, occurring within the United States—

"(1) the Administrator will guarantee any public or private financing institution against loss of principal and interest with respect to any loan in an amount not to exceed such subsequent flood loss (as modified by subsection (f) of this section, relating to deductibility), which may be made by such institution to any such person in connection with such flood loss; and

"(2) to the extent that a loan to finance such flood loss is not available from any such institution on reasonable terms, the Administrator will make a loan directly to such person in an amount covering all or part (as provided for in the loan contract between the Administrator and such person) of the difference between the amount of such flood loss (as modified by such subsection (f), relating to deductibility) and the amount of the loan available from such institution.

Each such contract shall contain such terms and conditions and require from any such person such monetary consideration, as the Administrator may prescribe by regulation. In issuing such regulations the Administrator shall fix such monetary consideration at the lowest practicable amount, following gen-







Public Law 1020 - 84th Congress  
Chapter 1029 - 2d Session  
H. R. 11742

AN ACT

All 70 Stat. 1091.

to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing Act of 1956". Housing Act of 1956.

TITLE I—FHA INSURANCE PROGRAMS

PROPERTY IMPROVEMENT LOANS

SEC. 101. (a) (1) Section 2 (a) of the National Housing Act is amended by striking out "September 30, 1956" and inserting in lieu thereof "September 30, 1959". 69 Stat. 635.  
12 USC 1703.

(2) The proviso in the second paragraph of section 2 (a) of such Act is amended to read as follows: " : *Provided*, That this clause (iii) may in the discretion of the Commissioner be waived with respect to the period of occupancy or completion of any such new residential structures". Ante, p. 11.

(b) Section 2 (b) of such Act is amended— 56 Stat. 305.

(1) by striking out "made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds \$2,500, or for the purpose of financing the construction of new structures exceeds \$3,000" and inserting in lieu thereof "exceeds \$3,500";

(2) by striking out "except that" in clause (2) and inserting in lieu thereof "except that the Commissioner may increase such maximum limitation to five years and thirty-two days if he determines such increase to be in the public interest after giving consideration to the general effect of such increase upon borrowers, the building industry, and the general economy, and"; and

(3) by striking out "\$10,000" and inserting in lieu thereof "\$15,000 nor an average amount of \$2,500 per family unit". 62 Stat. 1275.

(c) Section 2 (b) of such Act is further amended by striking out "*Provided*. That" and inserting in lieu thereof the following: "*Provided*, That any such obligation with respect to which insurance is granted under this section on or after sixty days from the date of the enactment of this proviso shall bear interest, and insurance premium charges, not exceeding (A) an amount, with respect to so much of the net proceeds thereof as does not exceed \$2,500, equivalent to \$5 discount per \$100 of original face amount of a one-year note payable in equal monthly installments, plus (B) an amount, with respect to any portion of the net proceeds thereof in excess of \$2,500, equivalent to \$4 discount per \$100 of original face amount of such a note: *Provided further*, That the amounts referred to in clauses (A) and (B) of the preceding proviso, when correctly based on tables of calculations issued by the Commissioner or adjusted to eliminate minor errors in computation in accordance with requirements of the Commissioner, shall be deemed to comply with such proviso: *Provided further*, That".

SALES HOUSING INSURANCE

SEC. 102. (a) Section 203 (b) (2) of the National Housing Act is amended by striking out "(but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, 90 per centum)" and inserting in lieu thereof the following: 68 Stat. 591;  
post, p. 1092.  
12 USC 1709.



"(but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance, 90 per centum)".

- 68 Stat. 592. (b) Section 203 (h) of such Act is amended by striking out "\$7,000"  
12 USC 1709. and inserting in lieu thereof "\$12,000".

#### RENTAL HOUSING INSURANCE

- 64 Stat. 53. SEC. 103. (a) Section 207 (c) (2) of the National Housing Act is  
12 USC 1713. amended by striking out "80 per centum" and inserting in lieu thereof  
"90 per centum".

- 68 Stat. 595. (b) Section 207 (c) (3) of such Act is amended to read as follows:  
12 USC 1713.

"(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit) or not to exceed \$1,000 per space or \$300,000 per mortgage for trailer courts or parks: *Provide* That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations per room contained in this paragraph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require."

#### HOUSING FOR THE ELDERLY

- 68 Stat. 591; SEC. 104. (a) Section 203 (b) (2) of the National Housing Act is  
ante, p.1091. amended by striking out the final period and inserting in lieu thereof  
12 USC 1709. a comma and the following: "except that with respect to a mortgage executed by a mortgagor who is sixty years of age or older as of the date the mortgage is accepted for insurance, the mortgagor's payment required by this proviso may be paid by a corporation or person other than the mortgagor under such terms and conditions as the Commissioner may prescribe."

- 64 Stat. 52. (b) Section 207 (b) of such Act is amended—  
12 USC 1713.

(1) by inserting "(except provisions relating to housing for elderly persons)" before "to take" in the unnumbered paragraph immediately following paragraph (2); and

(2) by inserting "(except with respect to housing designed for elderly persons, with occupancy preference therefor, as provided in the paragraph following paragraph (3) of subsection (c))" after "hereunder" in the second unnumbered paragraph following paragraph (2).

- 67 Stat. 123. (c) Section 207 (c) of such Act is amended by striking out the  
12 USC 1713. unnumbered paragraph immediately following paragraph (3) and inserting in lieu thereof the following new paragraph:

"Notwithstanding any of the limitations contained in paragraphs (2) and (3) of this subsection, if the entire property or project is specially designed for the use and occupancy of elderly persons in accordance with standards established by the Commissioner and the mortgagor is a financially qualified nonprofit organization acceptable to the Commissioner, the mortgage may involve a principal obligation not in excess of \$8,100 per family unit for such part of such property

as may be attributable to dwelling use and not in excess of 90 per centum of the amount which the Commissioner estimates will be the replacement cost of such property or project when the proposed physical improvements are completed: *Provided*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to elderly persons priorities in occupancy of the units designed for their use."

(d) The Housing and Home Finance Administrator shall establish, in accordance with the provisions of section 601 of the Housing Act of 1949, as amended, an advisory committee on matters relating to housing for elderly persons.

68 Stat. 645.  
12 USC 1701h.

COOPERATIVE HOUSING INSURANCE

SEC. 105. (a) Section 213 (a) of the National Housing Act is amended—

64 Stat. 54.  
12 USC 1715e.

- (1) by striking out "or" at the end of paragraph (1);
- (2) by inserting "or" at the end of paragraph (2);
- (3) by adding after paragraph (2) the following new paragraph:

"(3) a mortgagor, approved by the Commissioner, which (A) has certified to the Commissioner, as a condition of obtaining the insurance of a mortgage under this section, that upon completion of the property or project covered by such mortgage it intends to sell such property or project to a nonprofit corporation or nonprofit trust of the character described in paragraph (1) of this subsection at the actual cost of such property or project as certified pursuant to section 227 of this Act and will faithfully and diligently make and carry out all reasonable efforts to consummate such sale, and (B) shall be regulated or restricted by the Commissioner as to rents, charges, capital structure, rate of return, and methods of operation during any period while it holds the mortgaged property or project; and for such purpose the Commissioner may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulation, such stock or interest to be paid for out of the Housing Fund and to be redeemed by such mortgagor at par upon the sale of such property or project to such nonprofit corporation or nonprofit trust"; and

68 Stat. 607.  
12 USC 1715r.

(4) by adding "referred to in paragraphs (1) and (2) of this subsection" after "which corporations or trusts".

(b) Section 213 (b) (2) of such Act is amended—

68 Stat. 595.  
12 USC 1715e.

(1) by striking out "65 per centum" and inserting in lieu thereof "50 per centum";

(2) by amending the last proviso to read as follows: " : *And provided further*, That for the purposes of this section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after April 6, 1917, and prior to November 12, 1918, or on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to February 1, 1955"; and

(3) by inserting immediately after "\$8,900" a semicolon and the following: "except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations per room contained in this paragraph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require: *Provided further*, That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall



involve a principal obligation in an amount not to exceed 85 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided further*, That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a non-profit cooperative ownership housing corporation or trust within two years after the completion of such property or project, the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso”.

64 Stat. 54. (c) Section 213 of such Act is further amended by adding at the  
12 USC 1715e. end thereof the following subsection:

“(h) In the event that a mortgagor of the character described in paragraph (3) of subsection (a) obtains an insured mortgage loan pursuant to this section and fails to sell the property or project covered by such mortgage to a nonprofit housing corporation or nonprofit housing trust of the character described in paragraph (1) of subsection (a) hereof, such mortgagor shall not thereafter be eligible by reason of such paragraph (3) for insurance of any additional mortgage loans pursuant to this section.”

68 Stat. 608. (d) Paragraph (a) of section 227 of such Act is amended by in-  
12 USC 1715r. serting after “subsection (a) thereof” the following: “or with respect to any property or project of a mortgagor of the character described in paragraph (3) of subsection (a) thereof”.

#### GENERAL MORTGAGE INSURANCE AUTHORIZATION

68 Stat. 596; SEC. 106. Section 217 of the National Housing Act is amended—  
69 Stat. 636. (1) by striking out “July 1, 1955” in the first sentence and  
12 USC 1715h. inserting in lieu thereof “July 1, 1956”;  
(2) by striking out “\$4,000,000,000” in the first sentence and inserting in lieu thereof “\$3,000,000,000”; and  
(3) by striking out “section 2” in the first and second sentences and inserting in lieu thereof “section 2 and section 803”.

#### HOUSING IN URBAN RENEWAL AREAS

68 Stat. 598. SEC. 107. (a) Section 220 (d) (3) (B) (ii) of the National Hous-  
12 USC 1715k. ing Act is amended by inserting after “Commissioner” in the parenthetical phrase a comma and the following: “and shall include an allowance for builder’s and sponsor’s profit and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage”.

(b) Section 220 (d) (3) (B) (iii) of such Act is amended by striking out in the first proviso thereof all that follows “construction and design” and inserting in lieu thereof a colon and the following: “*Provided, further*, That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed \$1,000 per room or per family unit, as the case may be, in any geographical area where he finds that cost levels so require”.

#### LOW-COST HOUSING FOR DISPLACED FAMILIES

68 Stat. 600. SEC. 108. Section 221 (d) of the National Housing Act is amended—  
12 USC 1715l. (1) by striking out “\$7,600” in paragraphs (2) and (3) and inserting in lieu thereof “\$9,000”;

(2) by striking out "\$8,600" in paragraphs (2) and (3) and inserting in lieu thereof "\$10,000";

(3) by striking out "95 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent" in paragraph (2) and inserting in lieu thereof the following: "the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling designed principally for a single-family residence, less such amount as may be necessary to comply with the succeeding proviso: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least \$200 in cash or its equivalent (which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses)";

(4) by striking out "95 per centum of" in paragraph (3);

(5) by striking out "agencies thereof" in paragraph (3) and inserting in lieu thereof "agencies thereof or the Federal Housing Commissioner"; and

(6) by striking out "thirty" in paragraph (4) and inserting in lieu thereof "forty".

#### APPROVAL OF COST CERTIFICATIONS

SEC. 109. Section 227 of the National Housing Act is amended— 68 Stat. 607.

(1) by inserting after the first sentence the following new sentence: "Upon the Commissioner's approval of the mortgagor's certification as required hereunder, such certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the mortgagor."; 12 USC 1715r.

(2) by inserting after "legal expenses," each place it appears in paragraph (c) the following: "such allocations of general overhead items as are acceptable to the Commissioner,";

(3) by inserting after "maximum insurable mortgage amount" in paragraph (b) a semicolon and the following: "except that if the mortgage is to assist the financing of repair or rehabilitation and no part of the proceeds will be used to finance the purchase of the land or structure involved, the approved percentage shall be 100 per centum"; and by striking out "(without reduction by reason of the application of the approved percentage requirements of this section)" in clause (ii) (B) of paragraph (c);

(4) by amending the proviso in paragraph (c) to read as follows: ": *Provided*, That such additional amount under (A) of this clause (ii) shall in no event exceed the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation, and such additional amount under (B) of this clause (ii) shall in no event exceed the approved percentage of the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation"; and

(5) by adding at the end of paragraph (c) the following: "In the case of a mortgage insured under section 220 where the mortgagor is also the builder as defined by the Commissioner, 69 Stat. 596. 12 USC 1715k.



68 Stat. 596.  
12 USC 1715k.

there shall be included in the actual cost, in lieu of the allowance for builder's profit under clause (i) or (ii) of the preceding sentence, an allowance for builder's and sponsor's profit and risk of 10 per centum (unless the Commissioner, after finding that such allowance is unreasonable, shall by regulation prescribe a lesser percentage) of all other items entering into the term 'actual cost' except land or amounts paid for a leasehold and amounts included under either (A) or (B) of clause (ii) of the preceding sentence. In the case of a mortgage insured under section 220 where the mortgagor is not also the builder as defined by the Commissioner, there shall be included in the actual cost an allowance for sponsor's profit and risk of the said 10 per centum or lesser percentage of all other items entering into the term 'actual cost' except land or amounts paid for a leasehold, amounts included under either (A) or (B) of the said clause (ii), and amounts paid by the mortgagor under a general construction contract."

Federal Nation-  
al Mortgage  
Association.  
68 Stat. 613.  
12 USC 1717.

## TITLE II—SECONDARY MORTGAGE MARKET

SEC. 201. Section 302 (b) of the National Housing Act is amended—

(1) by striking out "and (2)" and inserting in lieu thereof "(2)";  
(2) by striking out "if (i)" and inserting in lieu thereof "if";  
and

69 Stat. 647.  
12 USC 1748b.

(3) by striking out "or (ii) the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage" and inserting in lieu thereof "; and (3) the Association may not purchase any mortgage, except a mortgage insured under section 803 or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage".

68 Stat. 614.  
12 USC 1718.

SEC. 202. Section 303 (b) of such Act is amended by striking out the first sentence and inserting: "The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions equal to 2 per centum of the unpaid principal amounts of mortgages purchased or to be purchased by the Association from such seller or equal to such other greater or lesser percentage, but not less than 1 per centum thereof, as the Association may determine from time to time, taking into consideration conditions in the mortgage market and the general economy."

68 Stat. 615.  
12 USC 1719.

SEC. 203. Section 304 (a) of such Act is amended by striking out "at the market price" in the second sentence and inserting "within the range of market prices".

SEC. 204. (a) Section 304 (a) of such Act is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, advance commitments to purchase mortgages in secondary market operations under this section shall be issued only at prices which are sufficient to facilitate advance planning of home construction, but which are sufficiently below the price then offered by the Association for immediate purchase to prevent excessive sales to the Association pursuant to such commitments."

(b) Section 304 (d) of such Act is amended to read as follows:

"(d) The Association may not purchase participations in its operations under this section."

68 Stat. 617.  
12 USC 1720.

SEC. 205. Section 305 (b) of such Act is amended by striking out the second sentence and inserting in lieu thereof the following:

Notwithstanding any other provision of this section, the price to be paid by the Association for mortgages purchased in its operations under this section, during a period of one year from the date of the enactment of the Housing Act of 1956, shall be not less than 99 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items."

SEC. 206. Section 305 (f) of such Act is amended by striking out "by the Housing Amendments of 1955" and inserting in lieu thereof "on or after August 11, 1955". 69 Stat. 651.  
12 USC 1720.

SEC. 207. Section 305 (e) of such Act is amended— 69 Stat. 636.

(1) by inserting "and purchase transactions" after the words "advance commitment contracts"; 12 USC 1720.

(2) inserting "or transactions" after the words "if such commitments"; and

(3) by striking out "but not more than \$5,000,000 of such authorization shall be available for such commitments in any one State" and inserting in lieu thereof "but such commitments in any one State shall not exceed \$5,000,000 outstanding at any one time".

SEC. 208. So much of section 305 (c) of such Act as precedes the proviso is amended by striking out "purchasers" and inserting in lieu thereof "purchases". 68 Stat. 617.  
12 USC 1720.

SEC. 209. (a) The last sentence of section 306 (c) of such Act is amended by striking out "and subsection (e) of this section". 68 Stat. 618,  
619.  
12 USC 1721.

(b) Section 306 (e) of such Act is repealed.

### TITLE III—SLUM CLEARANCE AND URBAN RENEWAL

SEC. 301. Section 102 (d) of the Housing Act of 1949 is amended by adding at the end thereof the following: "Notwithstanding section 110 (h) or the use in any other provision of this title of the term 'local public agency' or 'local public agencies' the Administrator may make advances of funds under this subsection for surveys and plans for an urban renewal project (including General Neighborhood Renewal Plans as hereinafter defined) to a single local public body which has the authority to undertake and carry out a substantial portion, as determined by the Administrator, of the surveys and plans for the project respecting which such surveys and plans are to be made: *Provided*, That the application for such advances shows, to the satisfaction of the Administrator, that the filing thereof has been approved by the public body or bodies authorized to undertake the other portions of the surveys and plans or of the project which the applicant is not authorized to undertake." 68 Stat. 624.  
42 USC 1452.  
68 Stat. 629.  
42 USC 1460.

SEC. 302. (a) (1) Section 105 (a) of the Housing Act of 1949 is amended by striking out "(including any redevelopment plan constituting a part thereof)". 68 Stat. 625.  
42 USC 1455.

(2) Section 110 (b) of such Act is amended by inserting "and" after the semicolon at the end of clause (1), and by striking out "; and (3)" and all that follows and inserting in lieu thereof a period. 68 Stat. 626.  
42 USC 1460.

(b) (1) Section 110 (c) of such Act is amended to read as follows:

"(c) 'Urban renewal project' or 'project' may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance



with such urban renewal plan. Such undertakings and activities may include—

“(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of an open land project;

“(2) demolition and removal of buildings and improvements;

“(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

“(4) disposition of any property acquired in the urban renewal area (including sale, initial leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan;

“(5) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; and

“(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities.

“For the purposes of this title, the term ‘project’ shall not include the construction or improvement of any building, and the term ‘redevelopment’ and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term ‘project’ shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

68 Stat. 626.  
42 USC 1459.

Post, p. 1099.

“Financial assistance shall not be extended under this title with respect to any urban renewal area which is not clearly predominantly residential in character unless such area will be a predominantly residential area under the urban renewal plan therefor: *Provided*, That, where such an area which is not clearly predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and such area is not appropriate for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 per centum of the total amount of capital grants authorized by this title.

“In addition to all other powers hereunder vested, where land within the purview of clause (1) (ii) or (1) (iii) of the first paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the

community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided*, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title."

(2) The first sentence of section 110 (d) of such Act is amended by striking out the words "either the second or third sentence" in clause (2) and inserting "the second sentence". 68 Stat. 628.  
42 USC 1460.

(c) The first sentence of section 110 (d) of such Act is amended by striking out the phrase "public facilities financed by special assessments against land in the project area," in clause (3) and adding the following proviso before the period at the end of the sentence: "*And provided further*, That in any case where a public facility furnished as a local grant-in-aid is financed in whole or in part by special assessments against real property in the project area acquired by the local public agency as part of the project, an amount equal to the total special assessments against such real property (or, in the case of a computation pursuant to the proviso immediately preceding, the estimated amount of such total special assessments) shall be deducted from the cost of such facility for the purpose of computing the amount of the local grants-in-aid for the project".

(d) Section 110 (e) of such Act is amended by adding the following at the end thereof: "Where real property in the project area is acquired and is owned as part of the project by the local public agency and such property is not subject to ad valorem taxes by reason of its ownership by the local public agency and payments in lieu of taxes are not made on account of such property, there may (with respect to any project for which a contract of Federal assistance under this title is in force or is hereafter executed) be included, at the discretion of the Administrator, in gross project cost an amount equal to the ad valorem taxes which would have been levied upon such property if it had been subject to ad valorem taxes, but in all cases prorated for the period during which such property is owned by the local public agency as part of the project, and such amount shall also be considered a cash local grant-in-aid within the purview of section 110 (d) hereof. Such amount, and the amount of taxes or payments in lieu of taxes included in gross project cost, shall be subject to the approval of the Administrator and such rules, regulations, limitations, and conditions as he may prescribe."

SEC. 303. (a) Section 102 (d) of the Housing Act of 1949 is amended Ante, p. 1097. by adding the following at the end thereof:

"In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined) for urban renewal areas of such scope that the urban renewal activities therein may have to be carried out in stages, consistent with the capacity and resources of the respective local public agency, over an estimated period of not more than ten years. No contract for advances for the preparation of a General Neighborhood Renewal Plan may be made unless the Administrator has determined that:

General Neighborhood Renewal Plans.

"(1) in the interest of sound community planning, it is desirable that the urban renewal area be planned for urban renewal purposes in its entirety;



"(2) the local public agency proposes to undertake promptly an urban renewal project embracing at least 10 per centum of such area, upon completion of the General Neighborhood Renewal Plan and the preparation of an urban renewal plan for such project; and

"(3) the governing body of the locality has by resolution or ordinance (i) approved the undertaking of the General Neighborhood Renewal Plan and the submission of an application for such advance and (ii) represented that such plan will be used to the fullest extent feasible as a guide for the provision of public improvements in such area and that the plan will be considered in formulating codes and other regulatory measures affecting property in the area and in undertaking other local governmental activities pertaining to the development, redevelopment, rehabilitation, and conservation of the area.

The contract for any such advance of funds for a General Neighborhood Renewal Plan shall be made upon the condition that such advance shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the first urban renewal project in such area: *Provided*, That in the event of the undertaking of any other project or projects in such area an appropriate allocation of the amount of the advance, with interest, may be effected to the end that each such project may bear its proper allocable part, as determined by the Administrator, of the cost of the General Neighborhood Renewal Plan. As used herein, a General Neighborhood Renewal Plan means a preliminary plan (conforming, in the determination of the governing body of the locality, to the general plan of the locality as a whole and to the workable program of the community meeting the requirements of section 101) which outlines the urban renewal activities proposed for the area involved, provides a framework for the preparation of urban renewal plans and indicates generally, to the extent feasible in preliminary planning, the land uses, population density, building coverage, prospective requirements for rehabilitation and improvement of property, and any portions of the area contemplated for clearance and redevelopment."

68 Stat. 623.  
42 USC 1451.

68 Stat. 624;  
*ante*, p. 1097.  
42 USC 1452.

(b) Section 102 (d) of such Act is further amended by striking out "The Administrator may make advances of funds to local public agencies for" and inserting in lieu thereof "The Administrator may make advances of funds to local public agencies for surveys of urban areas to determine whether the undertaking of urban renewal projects therein may be feasible and for".

69 Stat. 637.  
42 USC 1456.

SEC. 304. Section 106 (e) of the Housing Act of 1949 is amended by striking out "\$70,000,000" and inserting in lieu thereof "\$100,000,000".

SEC. 305. Section 106 of such Act is further amended by adding at the end thereof the following new subsection:

"(f) (1) Notwithstanding any other provision of this title, an urban renewal project respecting which a contract for a capital grant is executed under this title may include the making of relocation payments (as defined in paragraph (2)); and such contract shall provide that the capital grant otherwise payable under this title shall be increased by an amount equal to such relocation payments and that no part of the amount of such relocation payments shall be required to be contributed as part of the local grant-in-aid.

"(2) As used in this subsection, the term 'relocation payments' means payments by a local public agency, in connection with a project, to individuals, families, and business concerns for their reasonable and necessary moving expenses and any actual direct losses of property

except goodwill or profit (which are incurred on and after the date of the enactment of the Housing Act of 1956, and for which reimbursement or compensation is not otherwise made) resulting from their displacement by an urban renewal project included in an urban renewal area respecting which a contract for capital grant has been executed under this title. Such payments shall be made subject to such rules and regulations prescribed by the Administrator as are in effect on the date of execution of the contract for capital grant (or the date on which the contract is amended pursuant to paragraph (3)), and shall not exceed \$100 in the case of an individual or family, or \$2,000 in the case of a business concern.

“(3) Any contract with a local public agency which was executed under this title before the date of the enactment of the Housing Act of 1956 may be amended to provide for payments under this subsection for expenses and losses incurred on or after such date.”

SEC. 306. Section 104 of such Act is amended to read as follows: 63 Stat. 416.  
42 USC 1454.

“REQUIREMENTS FOR LOCAL GRANTS-IN-AID

“SEC. 104. Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved. Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, shall not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made.”

SEC. 307. (a) Title I of the Housing Act of 1949 is amended by adding at the end thereof the following new section: 63 Stat. 414.  
42 USC 1451-  
1460.

“DISASTER AREAS

“SEC. 111. Where the local governing body certifies, and the Administrator finds, that an urban area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled ‘An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes’ (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster, the Administrator is authorized to extend financial assistance under this title for an urban renewal project with respect to such area without regard to the following:

“(1) the ‘workable program’ requirement in section 101 (c), except that any contract for temporary loan or capital grant pursuant to this section shall obligate the local public agency to comply with the ‘workable program’ requirement in section 101 (c) by a future date determined to be reasonable by the Administrator and specified in such contract; 68 Stat. 623.  
42 USC 1451.

“(2) the requirements in section 105 (a) (iii) and section 110 (b) (1) that the urban renewal plan conform to a general plan of the locality as a whole and to the workable program referred to in section 101 (c); 68 Stat. 625,  
626.  
42 USC 1455,  
1460.

“(3) the ‘relocation’ requirements in section 105 (c): *Provided*, That the Administrator finds that the local public agency has presented a plan for the encouragement, to the maximum extent feasible, of the provision of dwellings suitable for the needs of families displaced by the catastrophe or by redevelopment or rehabilitation activities; 63 Stat. 417.  
42 USC 1455.

“(4) the ‘public hearing’ requirement in section 105 (d);



63 Stat. 414;  
68 Stat. 626.  
42 USC 1452,  
1460.

“(5) the requirements in sections 102 and 110 that the urban renewal area be a slum area or a blighted, deteriorated, or deteriorating area; and

“(6) the requirements in section 110 with respect to the predominantly residential character or predominantly residential re-use of urban renewal areas.

In the preparation of the urban renewal plan with respect to a project aided under this section, the local public agency shall give due regard to the removal or relocation of dwellings from the site of recurring floods or other recurring catastrophes in the project area.”

68 Stat. 597.  
12 USC 1715k.

(b) Subparagraph (A) of section 220 (d) (1) of the National Housing Act is amended to read as follows:

63 Stat. 414.  
42 USC 1451-  
1460.  
68 Stat. 590.

“(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed or a prior approval granted, pursuant to title I of the Housing Act of 1949 before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by section 101 (c) of the Housing Act of 1949, as amended, or (iii) the area of an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended: *Provided*, That, in the case of an area within the purview of clause (i) or (ii) of this subparagraph, a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and the Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan: *And provided further*. That, in the case of an area within the purview of clause (iii) of this subparagraph, an urban renewal plan (as required for projects assisted under such section 111) has been approved for such area by such governing body and by the Administrator, and the Administrator has certified to the Commissioner that such plan conforms to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and that there exist the necessary authority and financial capacity to assure the completion of such urban renewal plan, and”.

68 Stat. 599.  
12 USC 1715l.

(c) Section 221 (a) of the National Housing Act is amended—

(1) by adding immediately before the period at the end of the first sentence a comma and the following: “or (3) there is being carried out an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended”; and

Ante, p. 1101.

(2) by striking out “clause (2)” each place it appears in the last proviso and inserting in lieu thereof “clause (2) or (3)”.

68 Stat. 640.  
40 USC 461.

(d) The second sentence of section 701 of the Housing Act of 1954 is amended to read as follows: “The Administrator is further authorized to make planning grants for similar planning work (1) in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning; (2) to cities, other municipalities, and counties having a population of twenty-five thousand or more according to the latest decennial census which have suffered substantial damage as a

result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes' (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster; and (3) to State planning agencies, to be used for the provision of planning assistance to the cities, other municipalities, and counties referred to in clause (2) hereof."

64 Stat. 1109.  
42 USC 1855a.

SEC. 308. The last sentence of section 701 of the Housing Act of 1954 is amended by striking out "\$5,000,000" and inserting in lieu thereof "\$10,000,000".

68 Stat. 640.  
40 USC 461.

## TITLE IV—PUBLIC HOUSING

### LOW-RENT PUBLIC HOUSING

SEC. 401. (a) Subsection (i) of section 10 of the United States Housing Act of 1937 is amended effective August 1, 1956, to read as follows:

69 Stat. 638.  
42 USC 1410.

"(i) Notwithstanding any other provision of law, the Authority may enter into new contracts for loans and annual contributions after July 31, 1956, for not more than thirty-five thousand additional dwelling units, which amount shall be increased by thirty-five thousand additional dwelling units on July 1, 1957, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: *Provided*, That the authority to enter into new contracts for annual contributions with respect to each such thirty-five thousand additional dwelling units shall terminate two years after the first date on which such authority may be exercised under the foregoing provisions of this subsection: *Provided further*, That any balance of the authorization provided by this subsection, as amended by section 108 (b) of the Housing Amendments of 1955, not utilized by July 31, 1956, shall be available in any succeeding year: *Provided further*, That no such new contract for annual contributions for additional units shall be entered into except with respect to low-rent housing for a locality respecting which the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, as amended: *And provided further*, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress."

68 Stat. 623.  
42 USC 1451.

(b) Clause (2) of the third proviso appearing in that part of the Independent Offices Appropriation Act, 1953, which is captioned "Annual contributions:" under the heading "PUBLIC HOUSING ADMINISTRATION" is repealed.

66 Stat. 403.  
42 USC 1411b.

SEC. 402. Section 101 (c) of title I of the Housing Act of 1949, as amended, is amended by inserting the following after the first comma therein: "or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to August 1, 1956,".

68 Stat. 623.  
42 USC 1451.

50 Stat. 888.  
42 USC 1430.

SEC. 403. Subsection (d) of section 21 of the United States Housing Act of 1937 is amended by striking out the figure "10" in both places it appears and inserting in lieu thereof the figure "15".

63 Stat. 431.  
42 USC 1421.



HOUSING FOR THE ELDERLY

- 50 Stat. 888. SEC. 404. (a) Paragraph (2) of section 2 of the United States  
42 USC 1402. Housing Act of 1937 is amended by adding at the end thereof the following: "The term 'families' means families consisting of two or more persons, a single person sixty-five years of age or over, or the remaining member of a tenant family. The term 'elderly families' means families the head of which (or his spouse) is sixty-five years of age or over."
- 50 Stat. 891. (b) Section 10 of such Act is amended by adding at the end thereof  
42 USC 1410. the following new subsection:
- 63 Stat. 423. "(m) For the purpose of increasing the supply of low-rent housing  
for elderly families, the Authority may assist the construction of new housing or the remodeling of existing housing in order to provide accommodations designed specifically for such families. Notwith-
- 63 Stat. 422. standing the provisions of subsection 10 (g), any public housing  
42 USC 1415. agency, in respect to dwelling units suitable to the needs of elderly families, may extend a prior preference to such families and may waive the provisions of clause (ii) of section 15 (8) (b) with respect to such units: *Provided*, That, as among such families, the 'First' preference in subsection 10 (g) shall apply."
- 63 Stat. 424. (c) Section 15 (5) of such Act is amended by inserting after the  
42 USC 1415. word "Alaska" the following: "or \$2,250 in the case of accommodations designed specifically for elderly families".

FARM-LABOR CAMPS

- 64 Stat. 73. SEC. 405. Section 12 (f) of the United States Housing Act of 1937  
42 USC 1412. is amended by adding at the end thereof the following: "Notwithstanding any other provision of law, upon the filing of a request therefor within eighteen months after the date of the enactment of this sentence, the Authority shall relinquish, transfer, and convey, without monetary consideration, all of its rights, title, and interest in and with respect to any such project or any part thereof (including such land as is determined by the Authority to be reasonably necessary to the operation of such project, and including contractual rights to revenues, reserves, and other proceeds therefrom), (1) in the case of any State other than Florida, to any public housing agency whose area of operation includes the project, upon a finding and certification by the public housing agency (which shall be conclusive upon the Authority) that the project is needed to house persons and families of low income and that preference for occupancy in the project will be given first to low-income agricultural workers and their families and second to other low-income persons and their families; and (2) in the case of Florida, to any public housing agency in the State whenever, under the laws of the State, such agency (A) is authorized to acquire and operate such project, (B) is required to give preference for occupancy in such project, first, to low-income agricultural workers and their families, and second, to other low-income persons and their families, (C) is required, in the event of the disposition of such project by sale or otherwise, to use the proceeds thereof and any available accumulated earnings to construct facilities (which shall be subject to the same preferences as those specified in clause (B)) for occupancy by low-income agricultural workers and their families in the same area, and (D) is required, so long as it continues to own or operate such project, to have on its managing board one or more members whose principal occupation is farming. Upon the relinquishment and transfer of any such project it shall cease to be a low-rent project within the meaning of this Act, and the Authority shall have no further jurisdiction over it, except

that in any conveyance under the preceding sentence the Authority may reserve to the United States any mineral rights of whatsoever nature upon, in, or under the property, including such rights of access to and the use of such parts of the surface of the property as may be necessary for mining and saving the minerals. Any project, or part thereof not relinquished and conveyed pursuant to this subsection or under a contract for disposal pursuant to this subsection within eighteen months after the date of the enactment of this sentence shall be disposed of by the Authority pursuant to subsection (e) of section 13 of this Act, notwithstanding the parenthetical clause in such subsection.”.

50 Stat. 895.  
42 USC 1413.

# DISPOSITION OF DEFENSE HOUSING

SEC. 406. (a) Notwithstanding the provisions of any other law, there are hereby transferred to the jurisdiction of the Department of Defense, effective on the first day of the month following enactment of the Housing Act of 1956, all right, title, and interest, including contractual rights and obligations and any reversionary interest, held by the Federal Government in and with respect to all real and personal property comprising the following housing projects:

Project Numbered:	Location
ALA-1D1-----	Ozark, Alabama.
ALA-1D2-----	Ozark, Alabama.
ALA-2D1-----	Foley, Alabama.
ALA-2D2-----	Foley, Alabama.
ARIZ-1D1-----	Yuma, Arizona.
ARIZ-1D2-----	Yuma, Arizona.
ARIZ-3D1-----	Flagstaff, Arizona.
CAL-3D1-----	Oceanside, California.
CAL-3D2-----	Oceanside, California.
CAL-4D1-----	Miramar, California.
CAL-6D1-----	San Ysidro, California.
CAL-7D2-----	Barstow, California.
CAL-9D1-----	Barstow, California.
CAL-9D2-----	Barstow, California.
CAL-10D1-----	Twentynine Palms, California.
COLO-1D1-----	Colorado Springs, Colorado.
FLA-2D1-----	Green Cove Springs, Florida.
FLA-4D1-----	Milton, Florida.
FLA-8082-----	Pensacola, Florida.
FLA-8084-----	Pensacola, Florida.
GA-1D1-----	Hinesville, Georgia.
KAN-3D1-----	Hutchinson, Kansas.
ME-4D1-----	Brunswick, Maine.
MD-1D1-----	Balnbridge, Maryland.
MO-1D1-----	Waynesville, Missouri.
MO-2D1-----	Waynesville, Missouri.
MO-4D1-----	Waynesville, Missouri.
MO-5D1-----	Waynesville, Missouri.
NEV-2D1-----	Fallon, Nevada.
NC-1D1-----	Camp Lejeune, North Carolina.
NC-3D1-----	Camp Lejeune, North Carolina.
NC-4D1-----	Elizabeth City, North Carolina.
RI-1D1-----	Portsmouth, Rhode Island.
RI-2D1-----	Portsmouth, Rhode Island.
TEX-2D1-----	Kingsville, Texas.
TEX-3D1-----	Hondo, Texas.
TEX-5D1-----	Beeville, Texas.
TEX-5D2-----	Beeville, Texas.
TEX-6D1-----	Mission, Texas.
VA-6D1-----	Quantico, Virginia.
VA-10D1-----	Yorktown, Virginia.
VA-12D1-----	Yorktown, Virginia.
VA-13D1-----	Williamsburg, Virginia.

The provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, and of the Act entitled “An Act to expedite the provision of housing in connection

65 Stat. 303.  
42 USC 1592-  
1592o.



54 Stat. 1125 with national defense, and for other purposes", approved October 14,  
42 USC 1521-1940, as amended, shall not apply to any property transferred here-  
1590. under and, except as otherwise provided herein, the laws relating to  
similar property of the Department of Defense shall be applicable  
to the property transferred. The Department of Defense is author-  
ized to utilize any revenues derived from the property transferred  
hereunder, after its transfer, for the maintenance, operation, improve-  
ment, and liquidation of such property and for administrative  
expenses in connection therewith. There is hereby transferred to  
the Department of the Navy out of the fund entitled "Office of the  
Administrator revolving fund (liquidating programs)" established  
in the Office of the Administrator, Housing and Home Finance  
Agency, under title II of the Independent Offices Appropriation Act,  
1955 (68 Stat. 272, 295), as amended, \$375,000 to be available until  
expended for repair and rehabilitation of such property by the Navy.

12 USC 1701g- (b) Notwithstanding the provisions of this or any other law, any  
5. housing constructed or acquired under the provisions of title III of  
the Defense Housing and Community Facilities and Services Act  
of 1951, as amended, which is not transferred under the provisions  
of subsection (a) hereof shall, as expeditiously as possible, but not  
later than June 30, 1957, be disposed of on a competitive bid basis to  
the highest responsible bidder upon such terms and after such public  
advertisement as the Housing and Home Finance Administrator may  
deem in the public interest; except that the Administrator may reject  
any bid which he deems less than the fair market value of the property  
and may thereafter dispose of the property by negotiation: *Provided*,  
68 Stat. 645. That the third proviso in section 302 (b) of such Act shall be applica-  
42 USC 1592a. ble to housing disposed of under this subsection, except that project  
Cobalt, numbered IDA-2D1 at Cobalt, Idaho, shall be sold only for use on  
Idaho, the site.  
Newport, R.I.

(c) The Housing and Home Finance Administrator is hereby  
directed to convey (pursuant to the provisions of section 606 of the  
Act entitled "An Act to expedite the provision of housing in connec-  
tion with national defense, and for other purposes", approved October  
14, 1940, as amended): (1) Housing project numbered RI-37013 to  
the Housing Authority of the City of Newport, Rhode Island: *Pro-  
vided*, That notwithstanding the provisions of that section or of any  
other law, the agreement required by that section shall permit the use  
of the project in whole or in part for the housing of military personnel  
without regard to their income, and shall require the Authority, in  
selecting tenants, to give a first preference in respect of three hundred  
and sixty dwelling units to such military personnel as the Secretary  
of Defense or his designee prescribes for three years after the date of  
conveyance and to give thirty days' advance notice of available vacan-  
cies to such designee, and (2) housing projects numbered PA-36011  
and PA-36012 to the Housing Authority of Philadelphia, Pennsylv-  
ania: *Provided*, That notwithstanding the provisions of that section  
or of any other law, the agreement required by that section shall  
permit the use of the projects in whole or in part for the housing of  
military personnel without regard to their income, and shall require  
the Authority, in selecting tenants, to give a first preference in respect  
of seven hundred dwelling units to such military personnel as the  
Secretary of Defense or his designee prescribes for three years after  
the date of conveyance and to give thirty days' advance notice of avail-  
able vacancies to such designee.

Philadel-  
phia, Pa.

SEC. 407. (a) The Act entitled "An Act to expedite the provision  
of housing in connection with national defense, and for other pur-  
poses", approved October 14, 1940, as amended, is amended by adding  
at the end thereof the following new section 614:

54 Stat. 1125  
42 USC 1521-  
1590.

"SEC. 614. (a) Notwithstanding the provisions of this or any other law, (1) any housing to be sold on-site determined by the Administrator to be permanent, located on lands owned by the United States and under the jurisdiction of the Administrator, which is not relinquished, transferred, under contract of sale, sold, or otherwise disposed of by the administrator under other provisions of this Act or under the provisions of other law by January 1, 1957, except housing which is determined by the Administrator by that date to be suitable for sale in accordance with section 607 (b) of this Act; and (2) any permanent housing to be sold off-site which is not relinquished, transferred, under contract of sale, sold, or otherwise disposed of prior to the effective date of this section shall be disposed of, as expeditiously as possible, on a competitive basis to the highest responsible bidder upon such terms and after such public advertisement as the Administrator may deem in the public interest; except that the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation.

64 Stat. 70.  
42 USC 1587.

"(b) Notwithstanding the provisions of this or any other law, all contracts entered into after the enactment of this section for the sale, transfer, or other disposal of housing (other than housing subject to the provisions of section 607 (b) of this Act) determined by the Administrator to be permanent, except contracts entered into pursuant to subsection (a) hereof, shall require that if title does not pass to the purchaser by April 1, 1957 (or within sixty days thereafter if such time is necessary to cure defects in title in accordance with the provisions of the contract), the rights of the purchaser shall terminate and thereafter the housing shall be sold under the provisions of subsection (a) hereof. For the purposes of this subsection, title shall be considered to have passed upon the execution of a conditional sales contract.

64 Stat. 70.  
42 USC 1587.

"(c) The dates set forth in subsections (a) and (b) of this section shall not be subject to change by virtue of the provisions of section 611 of this Act."

65 Stat. 314.  
42 USC 1589a.  
Alexandria, Va.

(b) Notwithstanding any other provision of law, the Housing and Home Finance Administrator is authorized to sell and convey, at fair market value as determined by him on the basis of an appraisal made by an independent real-estate expert, to the city of Alexandria, Virginia, or to the Alexandria Redevelopment and Housing Authority, or to any agency or corporation established or sponsored in the public interest by such city, all of the right, title, and interest of the United States in and to the Chinquapin Village housing project, VA-44131, located in Alexandria, Virginia. Any sale pursuant to this authorization shall be made within six months after the date of the enactment of this subsection and shall be on such terms and conditions as the Administrator shall determine.

(c) Notwithstanding any other provision of law, the Housing and Home Finance Administrator is authorized and directed to sell and convey to the city of Euclid, Ohio, for a total price of \$6,125,000, all of the right, title, and interest of the United States in and to the housing projects known as Euclid Homes (OH-33074) and Lakeshore Village (OH-33071) located in Euclid, Ohio. The purchase price shall be secured by a mortgage which need not be a general obligation of such city, and shall be paid in equal annual installments within twenty years from the date of sale with the right of prepayment of all or any part thereof. No down-payment shall be required, and the unpaid balances shall bear interest at the rate of 4½ per centum per annum. The Administrator may impose such other terms and conditions as he may deem necessary or desirable, including a requirement

Euclid, Ohio.



Atlanta, Ga.

that any net revenues be applied by such city as advance payment on the last maturing installments of the purchase price.

(d) (1) Notwithstanding any other provision of law, the Public Housing Commissioner is authorized and directed to sell and convey by quitclaim deed to the Georgia Institute of Technology, upon full payment in cash of the purchase price determined under paragraph (2), all of the right, title, and interest of the United States in and to that real property (including furniture, fixtures, and equipment located on the property on the date of the execution of the contract or sale under this subsection), situated in Atlanta, Georgia, known as the Techwood Dormitory and more particularly described as follows:

Commencing at the intersection of the south line of North Avenue with the east line of Techwood Drive; thence running north 89 degrees 45 minutes east 94.47 feet along the south line of North Avenue to the east line of property formerly owned by Mrs. Emma L. Ellis; thence south 00 degrees 12.5 minutes east 155.0 feet more or less to the south line of an alley formerly known as Linden Alley and the north line of property formerly owned by Mildred W. Seydel; thence north 89 degrees 45 minutes east along the south line of said alley 170.0 feet more or less to a point in the south side of said alley which is distant 100.0 feet westerly from the west line of William Street; thence south 00 degrees 12.5 minutes east 290.0 feet more or less to a point on the south side of the former location of Linden Avenue, which point is 100.0 feet more or less west of the west line of Williams Street; thence running south 89 degrees 45 minutes west 281.57 feet more or less along the south side of the former location of Linden Avenue to its intersection with the east line of Techwood Drive; thence north 00 degrees 02 minutes east 293.88 feet more or less along the east line of Techwood Drive; thence north 6 degrees 06 minutes east 151.98 feet more or less along the east line of Techwood Drive to its intersection with the south line of North Avenue and the point of beginning.

(2) The purchase price of the property referred to in paragraph (1) shall be the fair market value of the land described in such paragraph on the date of the execution of the contract of sale under this subsection, as determined by the Public Housing Commissioner, excluding for purposes of such determination the value of any buildings, furniture, fixtures, and equipment located on such land.

(3) If the property referred to in paragraph (1) is not sold and conveyed to the Georgia Institute of Technology within six months after the date of the enactment of this Act, the Public Housing Commissioner shall dispose of such property at public sale to the highest competitive bidder.

(e) The last proviso of subsection (c) of section 108 of the Housing Amendments of 1955 is amended by striking out "12" and inserting in lieu thereof "24".

Glastonbury,  
Conn.  
69 Stat. 638.

#### PAYMENTS IN LIEU OF TAXES

SEC. 408. Notwithstanding the provisions of any other law or any contract or rule of law, the Public Housing Commissioner shall approve payments in lieu of taxes for project fiscal years ending prior to April 1, 1956, by each of the following local public agencies in the following amounts:

Housing Authority of the City of Houston (Texas), \$200,324.82.

Quincy Housing Authority (Illinois), \$12,549.75.

Housing Authority of the City of Fresno (California), \$6,874.13.

Reading Housing Authority (Pennsylvania), \$11,106.59.

Huntington, West Virginia, Housing Authority (West Virginia), \$13,049.38.

Housing Authority of the City of Los Angeles (California), \$104,-  
765.05.  
Housing Authority of the City of Monroe (Louisiana), \$1,560.76.  
Housing Authority of the City of Dothan (Alabama), \$1,238.46.  
Housing Authority of the City of Sacramento (California), \$26,-  
628.29.  
Cincinnati Metropolitan Housing Authority (Ohio), \$59,576.64.  
Housing Authority of the City of Tampa (Florida), \$22,959.85.

## TITLE V—MILITARY HOUSING

### ARMED SERVICES HOUSING MORTGAGE INSURANCE

SEC. 501. Section 801 (g) of the National Housing Act is amended 69 Stat. 646.  
to read as follows: 12 USC 1748.

“(g) The term ‘State’ includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, the Virgin Islands, the Canal Zone, and Midway Island.”

SEC. 502. Section 803 (a) of such Act is amended by striking out 69 Stat. 647.  
“September 30, 1956” and inserting in lieu thereof “June 30, 1958”. 12 USC 1748b.

SEC. 503. Section 803 (a) of such Act is further amended by striking out the first proviso and inserting in lieu thereof the following: “: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955) shall not exceed \$2,300,000,000”.

SEC. 504. Section 803 (b) (2) of such Act is amended by striking 69 Stat. 647.  
out all that follows clause (i) and inserting in lieu thereof the follow- 12 USC 1748b.  
ing: “, and (ii) with the approval of the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation and that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing housing covered by mortgages insured under this Act. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense or his designee shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund against loss with respect to the mortgage covering such housing. The Commissioner shall report to the Committees on Banking and Currency of the Senate and the House of Representatives each instance in which he has required the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund, with reasons therefor. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.”

Report to Con-  
gressional com-  
mittees.

Appropriation.

SEC. 505. Section 803 (b) (3) (B) of such Act is amended to read 69 Stat. 648.  
as follows: 12 USC 1748b.

“(B) not to exceed an average of \$16,500 per family unit for such part of such property or project (including ranges, refrigerators, shades, screens, and fixtures) as may be attributable to dwelling use: *Provided*, That the replacement cost of the property or project as determined by the Commissioner, including the estimated value of any usable utilities within the boundaries



of the property or project where owned by the United States and not provided for out of the proceeds of the mortgage, shall not exceed an average of \$16,500 per family unit; and<sup>5</sup>.

69 Stat. 648. SEC. 506. (a) Section 803 (b) (3) (C) of such Act is amended  
12 USC 1748b. by striking out "eligible builder of" and inserting in lieu thereof "eligible bidder with respect to".

69 Stat. 651. (b) Sections 403 (a) and 403 (b) of the Housing Amendments of  
42 USC 1594. 1955 are amended by striking out "eligible builder" wherever the term appears therein and inserting in lieu thereof "eligible bidder".

(c) Section 403 (a) of the Housing Amendments of 1955 is amended by striking out "the builder" wherever appearing therein and inserting in lieu thereof "the mortgagor".

(d) Section 403 (a) of the Housing Amendments of 1955 is amended by striking out "with any builder".

SEC. 507. Section 403 (a) of the Housing Amendments of 1955 is further amended by inserting immediately before the last sentence the following: "Any such contract shall provide for the furnishing by the contractor of a performance bond and a payment bond with a surety or sureties satisfactory to the Secretary of Defense, or his designee, and the furnishing of such bonds shall be deemed a sufficient compliance with the provisions of section 1 of the Act of August 24, 1935 (49 Stat. 793), and no additional bonds shall be required under such section."

69 Stat. 652. SEC. 508. Section 405 of the Housing Amendments of 1955 is  
42 USC 1594b. amended by striking out "\$9,000,000" and inserting in lieu thereof "\$21,000,000".

69 Stat. 653. SEC. 509. The second sentence of section 406 of the Housing Amend-  
42 USC 1594c. ments of 1955 is amended by inserting after the colon immediately following the first proviso the following: "*Provided further*, That such plans, drawings, and specifications, when developed pursuant to arrangements made under this section after the date of the enactment of the Housing Act of 1956, shall follow the principle of modular measure, in order that the housing may be built by conventional construction, on-site fabrication, factory precutting, factory fabrication, or any combination of these construction methods:".

69 Stat. 646. SEC. 510. Title IV of the Housing Amendments of 1955 is amended  
12 USC 1720, by adding at the end thereof the following new section:

1748-1748g;  
42 USC 1594- "SEC. 410. In the construction of housing under the authority of  
1594e. this title and title VIII of the National Housing Act, as amended, the maximum limitations on net floor area for each unit shall be the same as the net floor area permanent limitations prescribed in the second, third, and fourth provisos of section 3 of the Act of June 12, 1948 (62 Stat. 375), or in section 3 of the Act of June 16, 1948 (62 Stat. 459), other than the first, second, and third provisos thereof."

62 Stat. 379, SEC. 511. Section 408 of the Housing Amendments of 1955 is  
462. amended by adding at the end thereof the following: "Nothing con-  
5 USC 626p; tained in the provisions of title VIII of the National Housing Act in  
34 USC 911b- effect prior to August 11, 1955, or any related provision of law, shall  
911d. be construed to exempt from State or local taxes or assessments the  
69 Stat. 653. interest of a lessee from the Federal Government in or with respect  
42 USC 1594 to any property covered by a mortgage insured under such provisions  
note. of title VIII: *Provided*, That, no such taxes or assessments (not paid or encumbering such property or interest prior to June 15, 1956) on the interest of such lessee shall exceed the amount of taxes or assessments on other similar property of similar value, less such amount as the Secretary of Defense or his designee determines to be equal to (1) any payments made by the Federal Government to the local taxing or other public agencies involved with respect to such property, plus (2) such amount as may be appropriate for any expenditures made

by the Federal Government or the lessee for the provision or maintenance of streets, sidewalks, curbs, gutters, sewers, lighting, snow removal or any other services or facilities which are customarily provided by the State, county, city, or other local taxing authority with respect to such other similar property: *And provided further*, That the provisions of this section shall not apply to properties leased pursuant to the provisions of section 805 of the National Housing Act as amended on or after August 11, 1955, which properties shall be exempt from State or local taxes or assessments.”

69 Stat. 651.  
12 USC 1748d.

#### ACQUISITION OF WHERRY ACT HOUSING

SEC. 512. Section 404 of the Housing Amendments of 1955 is amended to read as follows:

69 Stat. 652.  
42 USC 1594a.

“SEC. 404. (a) Whenever the Secretary of Defense or his designee deems it necessary for the purpose of this title, he may acquire by purchase, donation, condemnation, or other means of transfer, any land or (with the approval of the Federal Housing Commissioner) any housing financed with mortgages insured under the provisions of title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955. The purchase price of any such housing shall not exceed the Federal Housing Commissioner’s estimate of the replacement cost of such housing and related property (not including the value of any improvements installed or constructed with appropriated funds) as of the date of final endorsement for mortgage insurance reduced by an appropriate allowance for physical depreciation, as determined by the Secretary of Defense or his designee upon the advice of the Commissioner: *Provided*, That in any case where the Secretary or his designee acquires a project held by the Commissioner, the price paid shall not exceed the face value of the debentures (plus accrued interest thereon) which the Commissioner issued in acquiring such project.

63 Stat. 570.  
12 USC 1748  
et seq.

“(b) Notwithstanding any provision of subsection (a) to the contrary, the Secretary of Defense or his designee shall, in the manner provided in subsection (a), acquire by purchase, donation, or other means of transfer or, if the parties cannot agree upon terms for acquisition by such means, by condemnation, any housing constructed under the mortgage insurance provisions of title VIII of the National Housing Act (as in effect prior to the enactment of the Housing Amendments of 1955) which is located at or near a military installation where the construction of housing under the Armed Services Housing Mortgage Insurance Program has been approved by the Secretary.

“(c) Condemnation proceedings instituted pursuant to this section shall be conducted in accordance with the provisions of the Act of August 1, 1888 (25 Stat. 357; 40 U. S. C., sec. 257) as amended, or any other applicable Federal statute. Before any such condemnation proceedings are instituted, an effort shall be made to acquire the property involved by negotiation. In any condemnation proceedings instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. In the event that condemnation proceedings are instituted in accordance with procedures under such Act of February 26, 1931, the court shall order that the amount depos-

40 USC 258a.

40 USC 258a-  
258e.



ited shall be paid in a lump sum or over a period not exceeding five years in accordance with stipulations executed by the parties in the proceedings. In connection with condemnation proceedings which do not utilize the procedures under such Act, the Secretary or his designee, after final judgment of the court, may pay or agree to pay in a lump sum or, in accordance with stipulations executed by the parties to the proceedings, over a period not exceeding five years the difference between the outstanding principal obligation, plus accrued interest, and the price for the property fixed by the court. Unless such payment is made in a lump sum, the unpaid balance thereof shall bear interest at the rate of 4 per centum per annum.

40 USC 255.

"(d) Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

"(e) The Secretary or his designee may, in the case of any housing acquired or to be acquired under this section, make arrangements with the mortgagee whereby such mortgagee will agree to release and waive all requirements of accruals for reserves for replacement, taxes, and hazard insurance provided for under the corporate charter and indenture agreement with respect to such housing, upon the execution of a written agreement by the Secretary or his designee that the purposes for which such reserves and other funds were accrued will be carried out.

"(f) Any housing acquired under this section may be (1) assigned as public quarters to military personnel and their dependents; or (2) leased to military and civilian personnel for occupancy by them and their dependents, upon such terms and conditions as will in the judgment of the Secretary of Defense or his designee be in the best interest of the United States, without loss to military personnel of their basic allowance for quarters or appropriate allotments. Amounts equal to the quarters allowances or appropriate allotments of military personnel to whom such housing is assigned as public quarters under clause (1), and the rental charges realized under clause (2), shall be deposited in the revolving fund created by subsection (g).

69 Stat. 652.

42 USC 1594b.

"(g) There is hereby created a fund which shall be used by the Secretary of Defense or his designee as a revolving fund for the purpose of paying for housing and related property acquired under this section, paying interest, principal, mortgage insurance premiums, and other obligations (except those for maintenance and operation) with respect to such housing, and paying expenses incurred in the alteration, improvement, rehabilitation, and repair of such housing. The amounts and charges referred to in the last sentence of subsection (f) of this section, and any savings realized in the operation of section 405, shall be deposited in such fund. For the purposes of the preceding sentence, the term 'savings realized in the operation of section 405' means the difference between the amount made available for payments under section 405 and the amount actually used in making such payments.

"(h) The Secretary of the Treasury is authorized and directed to establish on the books of the Treasury Department the revolving fund created pursuant to the authority of this section. To provide capital for such fund, there is authorized to be appropriated a sum not to exceed \$50,000,000 and the Secretary of Defense, with the approval of the President, is authorized to transfer from unexpended balances of any appropriations of the military departments not carried to the surplus fund of the Treasury such sums as may be determined by the Secretary of Defense to be necessary to provide adequate capital for the revolving fund."

## TITLE VI—MISCELLANEOUS

## COLLEGE HOUSING

SEC. 601. Section 401 (d) of the Housing Act of 1950 is amended <sup>69 Stat. 645.</sup> by striking out “\$500,000,000” and inserting in lieu thereof <sup>12 USC 1749.</sup> “\$750,000,000”.

## RESEARCH

SEC. 602. (a) The Housing and Home Finance Administrator is authorized and directed to undertake such programs of investigation, analysis, and research as he determines to be necessary and appropriate in the exercise of his responsibilities, including the formulation and carrying out of national housing policies and programs. Without limiting such authority, such programs shall develop and supply data and information on—

(1) the housing inventory of the Nation and the production, use, and demolition and conversion of residential structures, and such other factors as affect the total supply of housing;

(2) mortgage market problems;

(3) the extent to which adequate housing is available to the low-income and middle-income families of the Nation through public and private means;

(4) housing for elderly persons;

(5) residential design, assembly methods, and materials use in relation to cost, utility, and comfort; and

(6) characteristics of current and prospective housing market demand.

(b) (1) In order to permit the Administrator to carry out the functions vested in him by subsection (a) of this section, he is hereby authorized to enter into contracts with agencies of State and local governments and educational institutions and other nonprofit organizations and into working agreements with departments and independent establishments and agencies of the Federal Government in accordance with paragraph (3) of this subsection: *Provided*, That the total amount of such contracts and working agreements shall not exceed \$500,000 during the fiscal year 1957, which amount shall be increased by further amounts of \$1,000,000 on July 1, 1957, and July 1, 1958, respectively.

(2) There are hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such sums as may be necessary to carry out the purposes of this section, including administrative expenses which are hereby authorized, and amounts necessary to make payments pursuant to contracts or working agreements authorized under subsection (b) (1) of this section.

(3) The provisions of the third and fourth sentences of subsection (a) of section 301 of the Housing Act of 1948 and of subsection (c) of section 502 of such Act shall apply to contracts and appropriations pursuant to this section. <sup>63 Stat. 431.</sup>  
<sup>12 USC 1701e.</sup>  
<sup>62 Stat. 1284.</sup>  
<sup>12 USC 1701c.</sup>

(c) The Administrator may disseminate (without regard to the provisions of section 306 of the Penalty Mail Act of 1948 (39 U. S. C. 321n)) any data or information acquired or held under this section, including related data and information otherwise available to the Administrator through the operation of the programs and activities of the Housing and Home Finance Agency, in such form as he shall determine to be most useful to departments, establishments, and agencies of the Federal Government or State or local governments, to industry and to the general public. <sup>62 Stat. 1049.</sup>



(d) In carrying out the provisions of this section, the Administrator is hereby authorized to request and receive such information or data as he deems appropriate from private individuals, organizations, and other public agencies. Any such information or data shall be used only for the purposes for which it is supplied, and no publication shall be made by the Administrator whereby the information or data furnished by any particular person or establishment can be identified, except with the consent of such person or establishment.

(e) Nothing contained in this section shall limit any authority of the Administrator under title III of the Housing Act of 1948, as amended, or any other provision of law.

#### PUBLIC FACILITY LOANS

69 Stat. 642. SEC. 603. Title II of the Housing Amendments of 1955 is amended  
42 USC 1491- by adding at the end thereof the following new section:  
1495.

"SEC. 206. As used in this title, the term 'States' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States."

#### HOME OWNERS' LOAN ACT OF 1933

68 Stat. 636; SEC. 604. (a) Section 5 (c) of the Home Owners' Loan Act of 1933  
69 Stat. 641. is amended by striking out "\$2,500" in the proviso at the end of the  
12 USC 1464. second paragraph and inserting in lieu thereof "\$3,500".

(b) Section 5 (c) of such Act is further amended by striking out "15 per centum" in the first sentence and inserting in lieu thereof "20 per centum".

#### HOSPITAL CONSTRUCTION

65 Stat. 295. SEC. 605. (a) Notwithstanding the provisions of section 104 of the  
42 USC 1591c. Defense Housing and Community Facilities and Services Act of 1951,  
65 Stat. 305. the authority under section 304 of such Act to make loans or grants,  
42 USC 1592c. or other payments to public and nonprofit agencies for the construction of hospitals is hereby revived and extended with respect to public and nonprofit agencies which have, prior to June 30, 1953, applied under such section 304 for such loans or grants, or other payments for the construction of hospitals, and have been denied such loans or grants, or other payments solely because of the unavailability of funds for such purpose.

Expiration date. (b) The authority granted by this section shall expire June 30, 1958.

Appropriation. (c) There is hereby authorized to be appropriated the sum of \$5,000,000 for the purposes of this section for each of the fiscal years ending June 30, 1957, and June 30, 1958.

#### FARM HOUSING

63 Stat. 438. SEC. 606. (a) The first sentence of section 511 of the Housing Act  
42 USC 1481. of 1949 is amended to read as follows: "The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making loans under this title (other than loans under section 504 (b)). The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending June 30, 1961, shall not exceed \$450,000,000."

63 Stat. 438. (b) Section 512 of such Act is amended to read as follows:  
42 USC 1482.

"CONTRIBUTIONS

"SEC. 512. In connection with loans made pursuant to section 503, <sup>63 Stat. 434.</sup>  
the Secretary is authorized to make commitments for contributions <sup>42 USC 1473.</sup>  
aggregating not to exceed \$10,000,000 during the period beginning  
July 1, 1956, and ending June 30, 1961."

(c) Clause (b) of section 513 of such Act is amended to read as <sup>63 Stat. 438.</sup>  
follows: "(b) not to exceed \$50,000,000 for grants pursuant to section <sup>42 USC 1483.</sup>  
504 (a) and loans pursuant to section 504 (b) during the period begin-  
ning July 1, 1956, and ending June 30, 1961; and".

(d) This section shall take effect as of July 1, 1956.

Effective date.

SERVICEMEN'S READJUSTMENT ACT OF 1944

SEC. 607. Paragraph (C) of subsection (b) of section 512 of the  
Servicemen's Readjustment Act of 1944 is amended by striking out <sup>64 Stat. 76;</sup>  
"1957" and inserting in lieu thereof "1958". <sup>66 Stat. 683.</sup>  
<sup>38 USC 6941.</sup>

Approved August 7, 1956.



